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DOWNTOWN BROOKLYN

PREPARED FOR
DOWNTOWN BROOKLYN DEVELOPMENT COMMITTEE

JAMES FELT & COMPANY, INC.
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REAL ESTATE

358 FIFTH AVENUE · NEW YORK

May 20, 1969

Downtown Brooklyn Development Committee, Inc.
141 Livingston Street
Brooklyn, New York 11201

Attention: Mr. Gordon Braislin
Vice Chairman

Gentlemen:

At your request, we conducted a study of an area of Downtown Brooklyn as designated by you, in order to determine the current and short term future potential for office building development. The area studied, and hereafter referred to as the Study Area, is bounded generally by Clinton Street on the west, Atlantic Avenue on the south, Tillary Street on the north and Fort Greene Place to the east. (See Aerial View with Study Area outlined).

After completing our standard data program which in the main, consisted of the items set forth below, we conducted a wide ranging interview program by holding conferences with realtors, bankers, developers as well as representatives of diverse private industries, government and the educational community.

- 1) Analyzed current land uses.
- 2) Reviewed recent transfers of properties in the area, consisting in part, of improved parcels slated for early demolition and redevelopment as well as vacant lands currently used for parking.

- 3) Studied current rentals obtained for prime and secondary office space in Downtown Brooklyn.
- 4) Reviewed retail activity and sales trends for selected stores located along Fulton Street.
- 5) Analyzed the characteristics of the Borough's labor supply.
- 6) Considered the existing and proposed transportation facilities in the district.

Furthermore, we studied office development in other sectors of the New York Metropolitan Area, in order to gauge its relevance for the potential Brooklyn market.

Although a detailed summary of our findings and conclusions as well as our recommendations are set forth in the report which follows, we wish to underscore one conclusion and recommendation by separating them solely for the purpose of emphasis.

With the exception of the Borough Hall District, the Study Area, in its present physical condition and without acknowledging any of the changes proposed by Government or the private sector, has little, if any possibility of developing as an office building district. The Area, however, does possess the very basic ingredients required for a successful regional office complex. These assets include excellent public transportation facilities and proximity to an established office building district, excellent regional shopping facilities, a governmental complex serving a County population of over 2.5 million and the constantly expanding physical plants of the educational institutions.

During this era of unprecedented office space demand in New York City and particularly in Lower Manhattan, all of the aforementioned qualities should be exploited to their maximum. We recommend that this be undertaken in accordance with the suggestions set forth in this report and that your organization assume a leadership position in this effort.

Respectfully submitted,

Twyn Lardon
President

The preparation of this report was supervised by Abram Barkan, Executive Vice President and Michael B. Stone, Secretary.

FINDINGS AND CONCLUSIONS

1. For the purpose of this Report, we divided the Study Area into 8 "Sub-Areas" based upon principal land use. (See Map - Study Area.) It was quickly apparent that there are three established or potential office areas, as follows:

- a) Area F - The Borough Hall District - An established office and government center - the 100% office center of Downtown Brooklyn.
- b) Area D - The Livingston Street Corridor - An area which has been the scene of some recent office development (by both new construction and conversion). This district can be classified as semi-established with solid potential for further development and conversions. We understand that the former Internal Revenue Service Building at 210 Livingston Street, now vacant, will soon be offered for sale and we believe it may well be converted to modern offices by the new owner.
- c) Area A - The Flatbush Avenue Corridor - This sector is in advanced stages of decline and is badly in need of massive redevelopment. Many problems must be surmounted prior to such rebuilding but some basis for optimism has been noted.

If the Flatbush Avenue District can be successfully redeveloped with offices and retail uses, we would expect this activity to stimulate office construction along the Livingston Street Corridor, providing a connection between the Borough Hall and Flatbush Avenue Sectors.

If efforts fail on Flatbush Avenue, we would still expect Borough Hall to maintain its current favorable trends, with significant construction of new office space resulting. We feel that as this trend proceeds, there will be some spillover and development on Livingston Street, moving from the Civic Center in the direction of Flatbush Avenue. The Livingston Street Corridor, however, would develop much more quickly if sparked by redevelopment of Flatbush Avenue.

2. The Fulton Street retail district is, in effect, a regional shopping hub, anchored as it is by four department stores and blocks of major and minor satellite stores. Virtually every national chain operation is represented on Fulton Street. The area's stability and strength can be quickly substantiated by the 23% increase in sales registered by the four department stores between 1962 and 1967, as reported by Fairchild Publications. This represents a pace more than twice that of the inflationary tendencies of the same period. We expect the currently favorable trends to continue into the foreseeable future.

If the area in the vicinity of Flatbush Avenue is redeveloped with office buildings and department stores (Alexanders, Klein's and Sears have been prominently mentioned), the Fulton Street District will be extended and strengthened with an upgrading of the easterly end of the street. At the same time, the existence of the Fulton shopping hub is one of the most effective arguments in favor of redevelopment of the Flatbush area - an abundance of in-place retail facilities to serve a new and hopefully sizable office employee population.

3. The Study Area is served by an excellent network of surface and rapid transit facilities. In all, 19 bus routes serve Downtown Brooklyn as well as all three of the city's subway systems, with numerous stations dotting the district. In addition, the Long Island Railroad runs into the Atlantic Terminal at the easterly end of the area. It is estimated that 40,000,000 persons arrive in Downtown Brooklyn by subway alone each year.

There is no doubt that the excellence of Downtown Brooklyn's public transportation facilities will figure as one of the principal inducements for attracting new office construction in the area. Any steps taken to improve the appearance of subway stations, facilitate bus travel through the congested streets of the Study Area or to bring the Long Island Railroad into Lower Manhattan, either by connections with the subway system or directly, will serve to strengthen this inducement.

4. The proposed Atlantic Terminal Urban Renewal Area Plan may now be moving toward fulfillment. The principal components of this Plan are the Bernard Baruch College for 7,000 students, a 4,000 student high school along with a 600 student elementary school and 2,400 new low and middle income dwelling units. Further, plots have been set aside for commercial and light industrial development. Acquisition of

properties is currently underway with the right of condemnation available and construction could begin during 1970. Crucial arrangements for the disposition of the Atlantic Terminal air rights, as well as sub-surface easements, are still to be finalized with the Metropolitan Transit Authority. Failure to reach agreements on these matters could delay this project substantially.

The major significance of the Atlantic Terminal Urban Renewal Area to the Study Area is the buoyant effect on the Flatbush Avenue Corridor that would result from redevelopment of the blighted area immediately on its easterly boundary. The razing of the Atlantic Terminal structure - an eyesore - and replacement by Baruch College would, in itself, be of benefit. To date, however, the existence of the Urban Renewal Plan and its lack of solid progress has served to deepen declining tendencies on Flatbush Avenue and its surroundings. Because of the probability of the Plan being implemented, there has been a natural reluctance to consider any improvements. Any further significant delay of the Plan would continue this trend, except in the area immediately surrounding the Flatbush - Fulton intersection. In our opinion, this specific location, while it can be helped by progress in the Atlantic Terminal Area, has sufficient strength to redevelop on its own, even if the Project Plan is delayed.

5. The principal users of office space and employers of white collar personnel in the Study Area are Government - Federal, State and City; Utility Companies - New York Telephone and the Brooklyn Union Gas Company; Educational Institutions, including 7 colleges and universities; private companies and professional firms with functions related to the foregoing, principally firms dealing with Government. These institutions and companies have been responsible, either as developers or tenants, for the great majority of post-war office space provided in the Study Area. The Civic Center alone has been the scene of construction of over 1.2 million square feet of such space. All of these functions are clearly expanding and will require additional structures and employees for their future operations.

It is significant to note that the Study Area is headquarters for 11 banking institutions of all types and that there are 29 banking locations in Downtown Brooklyn.

It is clear that Downtown Brooklyn has all the ingredients necessary for a regional office hub:

- a) It is the Central Business District for a Borough with a population in excess of 2.5 million.*
 - b) The Fulton Street Retail District is viable and growing.*
 - c) The area's transportation network is excellent.*
 - d) Government is based firmly in the area, growing and partly housed in an attractive recently redeveloped Civic Center.*
 - e) Educational Institutions on a college level abound.*
 - g) The more than adequate representation in the area by financial institutions indicates confidence in Downtown Brooklyn's future, as well as at least a minimum satisfaction with its present.*
6. Despite the existence of the ingredients for a large and growing office district, there has, in fact, been little construction of conventional competitive office space in Downtown Brooklyn since World War II. Only two postwar structures, providing more than 100,000 square feet of rentable area, have been built for the competitive market:

141 Livingston Street	-	144,000 Square Feet
175 Remsen Street	-	105,000 Square Feet

The building at 65 Court Street, erected in 1963, was originally intended for competitive renting but was condemned by the City for occupancy by the Board of Education.

The growth in government, educational institutions and utility companies has led to construction for their use, while major prewar office structures principally along Court Street have undergone extensive modernization to serve private companies and professionals, primarily with government related functions.

Still, there has been little competitive construction, nor has there been an excess of demand for space, which would have sparked such development. Rentals in both postwar and modernized prewar buildings average about \$5 to \$6 per square foot, with full services. Few vacancies now exist in first line buildings.

There are, at present, two competitive office buildings in the planning stage - both in the Borough Hall District:

- a) A 400,000 square foot building planned for the northwest corner of Livingston Street and Boerum Place by Sol Atlas and John McGrath, who are now in the process of completing 2 New York Plaza, containing 1.3 million square feet in Lower Manhattan. Construction may be as imminent as the summer of 1969. No major tenant has yet been announced but it is probable that negotiations are in progress.
- b) Leonard Zigelbaum plans a structure of from 450,000 to 700,000 square feet on the block bounded by Fulton, Pierrepont and Clinton Streets. Mr. Zigelbaum has retained a prominent Manhattan based office leasing firm for the purpose of attracting a major tenant. We understand that he has had interest from well rated users of 30,000 to 40,000 square feet.

Although there has been little postwar office construction in the Study Area, the Borough Hall District appears on the verge of significant new development which, in our opinion, will accelerate in the foreseeable future. This is already Brooklyn's ranking office district and will be in the best position to benefit from pressures now building in Lower Manhattan, which may well lead to a significant crossover of Manhattan tenants to Brooklyn. The crossover of a leading development team - Atlas and McGrath - may be prompted by inquiries received in their Lower Manhattan operations for similar space at lower rents.

Livingston Street is the Study Area's secondary office district and will benefit from the upcoming activity in Borough Hall as sites for new buildings become more scarce and expensive. We expect the line of new development to move eventually from Borough Hall to Livingston Street. Sylvan Lawrence, an active real estate investor in Lower Manhattan and more recently in Brooklyn, has completed an interesting project on this thoroughfare - the conversion of a sizable warehouse to office space at market rentals. We believe this type of investment will prove feasible for other structures on Livingston Street and in other secondary locations in the Study Area.

7. We analyzed land values throughout the Study Area as trends in this regard often are harbingers of future development. Generally, rising land values and increasing sales activity are preliminary to widespread construction. Based on recorded sales and interviews with local real estate appraisers and brokers, we estimate land value in the Study Area as follows:

- a) Flatbush Avenue from Atlantic Terminal to DeKalb Avenue - \$13 - \$17 per sq.ft.
- b) Schermerhorn and Livingston Streets from Nevins Street to Boerum Place - \$15 - \$20 per sq.ft.
- c) Fulton Street from Adams to Nevins Streets - \$25 - \$30 per sq.ft.
- d) Borough Hall District - \$35 - \$40 per sq.ft.
- e) Area north of Willoughby Street - Approximately \$10 per sq.ft.

Land values are rising significantly in the Borough Hall District, already the Study Area's highest value sector. This coincides with the apparent upswing in office construction which seems about to get underway. Values are also rising, to a lesser degree, in the Livingston Street vicinity and we believe that this will be the next area of land speculation and office construction when Borough Hall values no longer represent "bargains." Values have been and remain low in the Flatbush Avenue Corridor, indicating no present trend toward redevelopment.

8. Our study of office building development, outside of Manhattan, throughout the Metropolitan Area, indicates uniformly strong markets for space at rentals of about \$7 per square foot. The attraction of large, well qualified housewife labor forces and suburban amenities are the main reasons given by firms relocating from Manhattan. Most tenants in suburban office buildings, however, are firms that have already been located in the area and seek expansion space or wish to occupy more modern offices.

The only area studied that does not fall in with the majority of the above findings is Jamaica, Queens, which is also the area most comparable to Downtown Brooklyn. Though Jamaica has received a great deal of planning attention, the first major postwar office building has just been announced. Significantly, it will be sponsored by local business interests (Gertz).

For the most part, the suburban areas studied have few characteristics in common with Downtown Brooklyn and these are of little relevance. Jamaica, which seems very comparable, particularly to the area near the Flatbush - Fulton intersection, may be about to experience an increase in office building activity. The success of the first venture, mentioned above, will be crucial and its progress should be watched closely and its lessons applied for the Study Area.

9. The Study Area's proximity to Lower Manhattan has, to date, inhibited office construction in Downtown Brooklyn. If not under Manhattan's shadow, the Study Area would certainly be host to regional offices of literally hundreds of major corporations and many smaller firms. As stated earlier, all the ingredients are present. Though Manhattan's presence and influence will continue, its current scarcity of office space, and even land for new development, offers a potential for Brooklyn to capture significant numbers of spillover tenants. Further, for some tenants, rents in Lower Manhattan, now often in excess of \$10 per square foot, may lead to some crossovers to Brooklyn where, we estimate, new space will be marketed at \$7 to \$7.50 per square foot. Rent differential will not induce many, or any, major corporations to make the change, however, as their rents represent too low a percentage of total operating costs to offer sufficient inducement.

Large firms - stock brokerage houses, banks, insurance companies, etc. - with massive "back office" operations - represent a potential for Brooklyn to act as a back office to Manhattan's headquarters. In interviews with many of these firms, however, we found little enthusiasm for Brooklyn with "image" cited as the chief obstacle to crossover. The Brooklyn image is considered to be of low prestige and all firms expressed a reluctance to water down their current "Wall Street" aura. These firms all reported great difficulties in recruiting and retaining a sufficient and qualified clerical labor force. Some felt that a move to Brooklyn would intensify this problem, though they also expressed a willingness to consider Brooklyn if it could be demonstrated that a stable, numerous white collar labor force were available.

The current backlog of demand and scarce supply of office space in Lower Manhattan - a condition which will intensify in the short term future - offers a potential for Downtown Brooklyn to capture some tenants or operations from its larger neighbor. To some extent, this potential will be realized and at first the Borough Hall District will be the principal beneficiary. For an area such as the Flatbush Corridor to capitalize on this trend, a totally new image and a demonstrated available white collar labor force will have to be provided. The problems here are large, difficult to overcome, but in our opinion, not insurmountable.

10. At present, the Brooklyn labor force is large but poorly qualified for clerical positions. Of the 1,000,000 Brooklyn residents employed in 1965, 450,000 were employed outside of the Borough - 350,000 in Manhattan. The commuters were demonstrably better educated and earned a median income 15% higher than their "in Brooklyn" counterparts. It is clear that the more glamorous atmosphere and positions and higher pay available in Manhattan are responsible for this trend. Furthermore, the potential labor force residing closest to Downtown Brooklyn proved to include the Borough's least qualified workers. The better educated, white collar employees generally lived further out and would have to commute even to reach a position in the Study Area. The extra trip into Manhattan did not seem unduly harsh, since they were "already on the subway."

In order to bring back the Brooklyn white collar labor force and provide additional qualified personnel, a massive training program is critically needed as is the image change discussed above. Among other factors, safety on the streets after dark must be established, at least by reputation. At present, for instance, the Flatbush Corridor is not considered a "safe" area after dark. The ability to attract office tenants and developers hinges to an inordinate degree on the ability to provide the necessary labor force. This is basically the largest problem to be solved if redevelopment is to commence throughout the Study Area. But, the numbers are available - in some way, the necessary training must be provided.

11. Regarding the Flatbush Avenue area from the Atlantic Terminal to DeKalb Avenue, we found the plans for redevelopment set forth by Mr. Stephen Klein, President of the Barton's Candy Company and by the New York City Department of City Planning to differ in detail but to be generally harmonious. Mr. Klein wishes to act as sponsor for an Unassisted Urban Renewal Area, to be designated, and to create department stores, office buildings, an industrial park, including expansion of his factory and various other commercial uses. Mr. Klein stated that he has held discussions with Alexanders, S. Klein and Sears for department store locations, as well as the New York Telephone Company and an unnamed insurance company for large blocks of office space. We have reason to believe that the Alexanders interest is genuine and that the ever-expanding Telephone Company operations do indeed represent a real potential.

The Flatbush Corridor is surely an area greatly in need of a vast lift and total image adjustment. If this can be accomplished, we envision a quickened redevelopment of the Livingston Corridor and a revitalized downtown, stretching uninterrupted from the Borough Hall and Civic Center District, down Livingston and Fulton Streets, through the Flatbush Corridor and into the Atlantic Terminal Renewal Area. The surrounding areas would undoubtedly undergo improvement as well. The potential is exciting - the problems are severe but the seeds for redevelopment are present in the attentions of Mr. Klein and the City Planning Commission. In our opinion, there is some realistic

basis for optimism and further, while the area is of present interest to many diverse factions such as your Committee, the City Planning Commission and Mr. Stephen Klein, and when the possibility of enticing tenant crossovers from Lower Manhattan is growing, now is the time to initiate the steps which are needed, if the area's potential is ever to be realized.

Recommendations

1. We recommend that you continue your contacts with Mr. Klein of Barton's through exchanges of information as well as by lending him advice and encouragement, insofar as his planning and methods to secure tenants are compatible with the aims of your association. It is no secret that Mr. Klein has a substantial self interest in seeing this area developed. Nevertheless, if current trends can be reversed in this district, the entire Study Area will benefit greatly and as a pioneer and risk taker, Mr. Klein will be entitled to profit as well.
2. We believe your group should actively support steps to have the Flatbush Corridor designated an Unassisted Urban Renewal Area. As a substantial amount of planning has already been undertaken - The City Planning Commission's Brooklyn Center Study - an excellent beginning has been made in this process. Because of procedural delays attendant to such programs, these efforts should be undertaken immediately.
3. After such designation has been granted, it may become necessary to seek additional or replacement sponsors. The burden will be on Mr. Klein to demonstrate adequate knowhow and financial resources for an undertaking of the large scale which will be involved. If other sponsors are needed, we suggest that your Committee assist in the search, utilizing the wide personal contacts held by individual members of your group in order to gain entree to suitable prospective sponsors in private business, as well as conventional developers.
4. Once a Plan is available, and sponsor or sponsors selected, you might offer professional assistance in the preparation, publishing and wide dissemination of an attractive brochure, including the elements of the Plan and extolling the advantages which will be offered by the area. You might be of additional assistance by adopting a policy of strong support and in public relations aspects i.e., ensuring wide coverage of the Plan by standard media, etc.
5. Your Committee is in the unique position of being able to coordinate government planning processes with the resources of the private business community. We recommend that you enhance this position by inviting membership in your group by Manhattan companies doing substantial business in Brooklyn - The Chase Manhattan Bank, First National City Bank, Manufacturers Hanover Trust Company, etc.

6. Although we believe you should not become involved in specific planning decisions - designation of street closings for super-block formation, location of pedestrian overpasses, etc. - which decisions are best left to be made by an interplay between planners, sponsors and prospective tenants and users, we are convinced that your group could play a vital role by contacting potential large scale developers (perhaps Uris, Tishman, Lefrak, etc.) and attempting to interest them in Downtown Brooklyn in general and the Flatbush Avenue area in particular. You might particularly attempt to alert these developers to the potential represented by Brooklyn as an alternative for firms unable to obtain suitable space in Lower Manhattan.
7. Again, on a personal contact basis, members of your group might be highly instrumental in convincing public spirited national corporations to locate significant facilities in the Study Area. For example, IBM followed this route in placing a cable manufacturing facility in Bedford Stuyvesant. This might be approached on the dual basis of self help, while aiding Brooklyn and the City by providing employment in the area. Such a move, if coupled with a large job training operation, could be of incalculable benefit.
8. We recommend that your organization encourage and support technical studies to determine the feasibility of establishing industry sharing facilities in the Flatbush Avenue area. For example, stock brokerage firms might be enticed to move back office operations to the area if their space could be grouped around a central facilities structure, with computers and other services available on a shared basis. If such an arrangement could be shown to offer significant operational savings, a large part of the area, perhaps all, might be successfully redeveloped for this single industry. Other possibilities would include an airlines reservations center, with central computer facilities, a research laboratory park, again with shared facilities, etc.
9. As stated earlier, the provision of a qualified white collar labor force for Downtown Brooklyn is absolutely essential to the area's future development and represents perhaps the most crucial problem seeking solution. The potential labor force for Downtown Brooklyn, large in numbers, is relatively short on skills, particularly skills required for office jobs, which are now in such great demand.

Community colleges and Universities in Downtown Brooklyn should be encouraged to develop evening extension courses geared to the requirements of the neighborhood's population. If the funding for this is unavailable through Government, the Downtown Brooklyn Development Committee should encourage its membership to lend financial support to such a program. This program will have long and short range benefits and help satisfy Industry's commitment in helping to solve America's problems in the large urban centers.

10. Finally, we believe the new office structure announced for Jamaica points the way for Downtown Brooklyn. Local interests (the Gertz Department Store) will develop this structure which, it is hoped, may spark additional development in Jamaica. We believe that members of your Committee have perhaps the largest stake in the successful redevelopment of Downtown Brooklyn and should therefore go beyond urging others to invest in new construction and commit as tenants in the area. We recommend that your membership should consider employing their own resources directly to start the building process, either by investment, agreements to lease major space or financing. It is clear that the initial structures provided in the Flatbush Corridor will be the riskiest, but if successful, they might well start a chain reaction that would lead to total redevelopment of the area, with its beneficial effects emanating to the entire Study Area. We believe that if outsiders are unwilling to take these initial risks, local interests whose stake in the ultimate success of Downtown Brooklyn is largest, should assume the burden and take the first steps.



The Study Area

The area under primary consideration consists of the Central Business District and Civic Center of the Borough of Brooklyn. We restricted our more intensive analysis to a "Study Area" bounded generally by Clinton Street on the west, Atlantic Avenue on the south, Tillary Street on the north and Fort Greene Place to the east. (See Location Map and Map - Study Area.)

The Study Area was further divided into eight Sub-Areas on the basis of principal land use characteristics. A brief description of each Sub-Area follows (See Map - Study Area):

Sub-Area A

Bounded generally by DeKalb Avenue, Fort Greene Place, and Atlantic and Flatbush Avenues, this district is developed for the most part with low commercial buildings in advanced stages of deterioration. Flatbush Avenue, the principal north-south artery in this area, is plagued by ground and upper floor vacancies. Dominant improvements include:

- a) The Atlantic Terminal of the Long Island Railroad (See Photograph - Addenda) located on the block bounded by Flatbush and Atlantic Avenues, Fort Greene and Hanson Places. This facility, as well as other blocks within Sub-Area A, falls within the Atlantic Terminal Urban Renewal Area and will be discussed in detail in a later section of this report.
- b) The Williamsburgh Savings Bank Building - (See Photograph - Addenda), the Borough's tallest structure, erected in 1928, contains 325,000 square feet of office and bank space in 30 stories and is located on the north-east corner of Ashland and Hanson Places. Tenancy consists of small users, including many professional offices.

- c) The Academy of Music - located on the south side of Lafayette Avenue between Ashland Place and St. Felix Street. This facility, erected in 1906, has recently been renovated and should stand as one of the City's ranking centers for music and the dance. In all, the structure contains 3,315 seats - a 1,208 seat Music Hall and a 2,107 seat Opera House.
- d) The Fox Theatre Building occupies the block bounded by Flatbush Avenue, Nevins and Livingston Streets. This 12-story office, store and theatre building is now largely vacant (including the theatre portion) and in an advanced state of deterioration. Property was recently purchased by the Barton's candy interests and will be discussed in greater detail later in this report.
- e) Barton's Candy/New York Telephone - Virtually the only postwar structure in Sub-Area A (see Photograph - Addenda), this 7-story building houses the offices and factory of the Barton's Candy Company as well as 102,500 square feet occupied by the New York Telephone Company. This combined use structure is located on the block bounded by Fulton Street, Hudson and DeKalb Avenues and Rockwell Place. Barton's currently employs 750 persons and the Telephone Company, 500 at this location.

Sub-Area B

This area consists of two blocks bounded by DeKalb Avenue, Ashland and Fort Greene Places and Fulton Street. These blocks are predominantly residential - old brownstones in deteriorated condition. Residents are, for the most part, Negro. We have been advised that much of this area has been assembled by Brooklyn Hospital for future expansion.

Sub-Area C

District C is bounded generally by Schermerhorn Street, Smith Street, 3rd Avenue and Atlantic Avenue. With the exception of some retail development fronting on Atlantic Avenue, this area is principally residential or vacant land.

Some of the older 4-story attached dwellings on State Street have been rehabilitated at least to the extent of painting and pointing up exterior masonry at facade. In order to encourage apartment construction in this area, the City Planning Commission is currently considering the creation of a special zoning district for the blocks running from the south side of Schermerhorn Street to the north side of State Street between Smith Street and 3rd Avenue. In effect, this would change zoning from the current C6-1 with its R-6 residential equivalent to R-10, making possible high rise development.

Sub-Area D

This area centers on Livingston Street (See Map - Study Area) and includes the north side of Schermerhorn Street. Development here is wholly commercial. Although structures are, in the main, old and in poor condition, there has been some recent redevelopment in this district notably:

- a) 141 Livingston Street - a 15-story office building erected in 1959, containing 144,000 square feet of rentable area.
- b) 250 Livingston Street - A rehabilitated older multi-story warehouse, now housing the Department of Welfare and Brooklyn Community College.
- c) A & S Parking Garage and Annex - located on the block bounded by Fulton, Livingston and Hoyt Streets and Elm Place. In addition to retail area this structure provides parking for 1,000 vehicles.

A municipal parking garage has been proposed for a site east of Bond Street on the north side of Schermerhorn Street.

Sub-Area E

This area is dominated by the Fulton Street retail complex, running along both sides of Fulton Street, generally from Smith Street to Flatbush Avenue.

Area E includes the main office of the Dime Savings Bank of Brooklyn at Albee Square. Fulton Street is, in effect, a sound regional shopping complex with lower and popular priced merchandise predominating. In addition to branches of virtually every national chain, four department stores are represented - A & S, Martin's, Mays, and E.J. Korvette. Further detail on this retail concentration will be included in a separate section of this report.

Sub-Area F

The irregular boundaries of Area F (See Map - Study Area) enclose the Brooklyn Civic Center as well as the Borough's ranking office district. The majority of new construction in the Study Area has occurred in the Civic Center with new government structures of various types including the new Courts Building, Transportation Authority structure, etc. The vigorous redevelopment of the Civic Center has led to some rehabilitation in the older office buildings along Court Street and strengthened this private office rental market which abounds with attorneys, title companies, real estate firms, etc., whose business ties in with the neighboring government functions. Other postwar construction in this area includes the Brooklyn Union Gas Company building at 195 Montague Street, an 18-story luxury apartment building containing 238 dwelling units at 85 Livingston Street, a new office building containing 300,000 square feet of rentable area at 65 Court Street now occupied by the Board of Education and the new Brooklyn Law School structure, now nearing completion on the southwest corner of Boerum Place and Joralemon Street. A new 400,000 square foot competitive office tower is planned for a plot adjoining the Brooklyn Law School on the northwest corner of Livingston Street and Boerum Place. In addition, a 450,000 to 700,000 square foot office structure is under consideration for the block bounded by Fulton, Clinton and Pierrepont Streets.

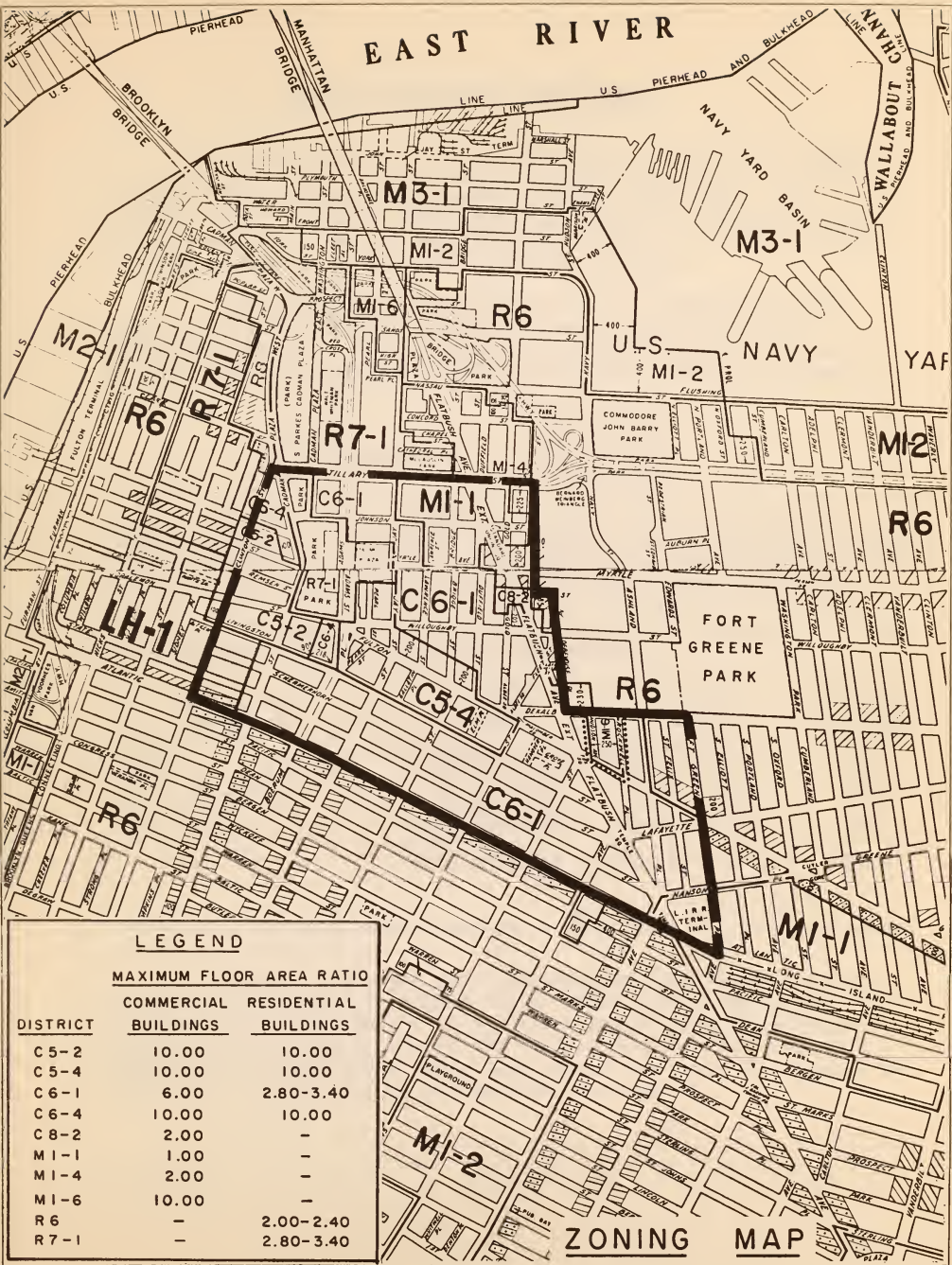
Sub-Area G

This area, west of Sub-Area F, running to Clinton Street, is principally residential, with some commercial spillover from the Court Street development. Improvements are primarily older, multi-family structures in good repair. This is an attractive residential district which benefits by its proximity to the Borough Hall office district and Civic Center to the east and the ranking residential section of Brooklyn Heights to the northwest.

Sub-Area H

This area which runs north from Fulton Street to the northern and eastern boundaries of the Study Area is, for the most part, a low grade commercial district, with the exceptions of Willoughby Street and the side streets from Fulton to Willoughby Streets, which form a good secondary retail district. The dominant structures in this area are the two New York Telephone Company buildings located at the northeast corner of Willoughby and Bridge Streets, and on an adjacent parcel. In all, 3,100 persons are employed in these two structures. Improvements in the area north of Willoughby Street are generally in poor physical condition and the El running along Myrtle Avenue further blights this district.

In addition, the Study Area and the immediately surrounding area abounds with educational institutions. Rapid transit facilities are readily available from virtually any location in the area. We will comment in detail on these two aspects in separate following sections of this report.



Retail Development and Trends

Fulton Street from Smith Street to Flatbush Avenue is one of New York's most active retail districts. According to the City Planning Commission's Master Plan Draft of June 6, 1968, Downtown Brooklyn then registered annual sales of \$325 million, 10% of the Borough's total. The lion's share of this volume is transacted on Fulton Street.

In addition to representation by virtually every national chain (See Map - Fulton Street Retail District - Principal Tenants), the Fulton Shopping District is anchored by four major department stores, with 1967 sales as follows:

A & S	-	\$128,700,000
Mays	-	37,200,000
E.J. Korvette	-	19,000,000
Martin's	-	16,000,000

Merchandise offered on Fulton Street is generally popular priced, in line with the general economic characteristics of the district's shoppers. Stores are very actively patronized and with few exceptions are attractive and well maintained.

The area exhibits strength and trends appear to be up, as illustrated by the following comparison:

<u>Store</u>	<u>1962 Sales</u>	<u>1967 Sales</u>	<u>Percent Increase</u>
A & S	\$100,500,000	\$128,700,000	28.0
Mays	32,750,000	37,200,000	13.5
E.J. Korvette	16,000,000	19,000,000	18.7
Martin's	<u>14,250,000</u>	<u>16,000,000</u>	<u>12.2</u>
	\$163,500,000	\$200,900,000	22.8

Source: Fairchild Publications - 1968 Data Not Yet Available.

During the same five year period the Federal Bureau of Labor Statistics' Consumer Price Index rose some 10.9%. It is clear then that growth in all four major stores comfortably exceeded inflationary forces and that together, the average increase in sales ran at more than twice the rate that could be ascribed to increases in the general economy.

An analysis of sales on a unit basis confirms the strength of these four department stores:

<u>Store</u>	1962	1967
	<u>Sales/Sq.Ft.**</u>	<u>Sales/Sq.Ft.**</u>
A & S	\$ 167.50*	\$ 214.50*
Mays	93.57	106.29
E.J. Korvette	100.00	118.75
Martin's	83.82	94.12

* Includes phone and mail order sales for entire A & S chain.

** Based on estimated store areas.

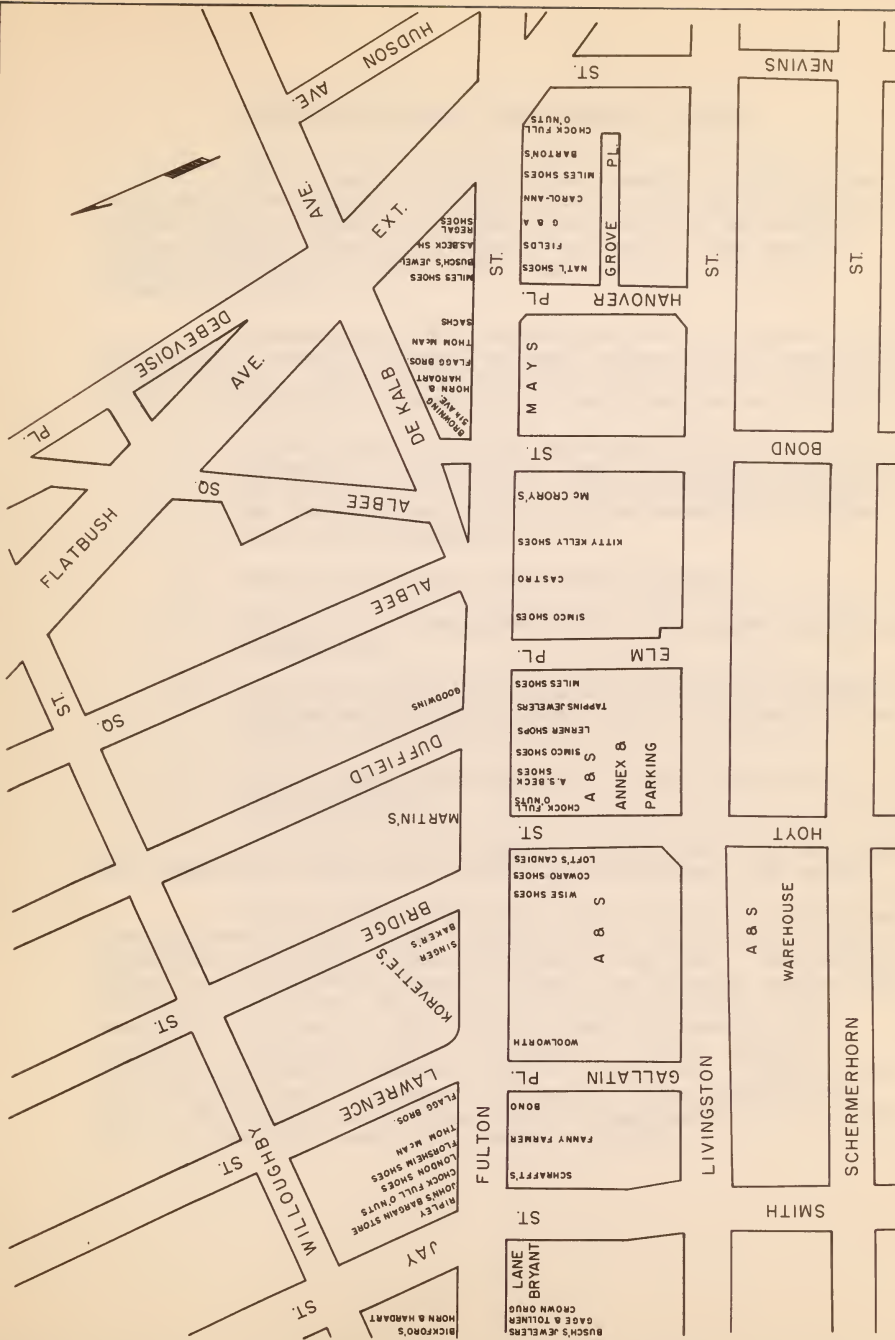
According to the Urban Land Institute's authoritative publication - The Dollars and Cents of Shopping Centers - 1966 (the latest such report available at the time of this writing), the northeastern regional average for department stores in Regional Centers was only \$54 per square foot, well below any of Fulton Street's facilities. We consider this a valid comparison inasmuch as Fulton Street is, in effect, a Regional Shopping Center based on its retail representation, if not its actual design.

As might be expected, the excellent business registered by the area's department stores appears to extend into the satellite stores on Fulton Street. Field inspection failed to show a single grade level vacancy throughout the entire district. Furthermore, pedestrian activity is constantly high, reaching saturation conditions from noon to 2:00 P.M.

As will be discussed in a later section of this report, there is some possibility that from one to three new department stores may be attracted to the area in the vicinity of the intersection of Fulton Street and Flatbush Avenue. To date, the names Alexanders, S. Klein and Sears have been mentioned by a prospective developer. We feel that such development is a real possibility and that it would add to the already strong Fulton Street area. The stores along Fulton Street in the vicinity of Flatbush Avenue would undoubtedly be upgraded or replaced thus filling in the weaker end of the district. Some temporary pressures might be felt by the Street's established units but, in our opinion, stabilization would finally be attained at an even healthier level than currently prevails.

Whether or not this additional development occurs, we expect that Fulton Street will maintain and strengthen its position as one of the City's primary retail districts, at least for the foreseeable future.

FULTON STREET RETAIL DISTRICT PRINCIPAL TENANTS



Atlantic Terminal Urban Renewal Project

The Atlantic Terminal Urban Renewal Project area is bounded on the south by Pacific Street and Atlantic Avenue, on the east by Vanderbilt Avenue, on the north by Greene Avenue, Hanson Place and State Street and on the west by Fourth and Third Avenues. (See Land Use Plan - Atlantic Terminal Project).

Although this development has been in planning for many years, concrete steps are being taken now and acquisition is proceeding. Some construction is expected to begin during 1970. The principal components of the Plan are as follows:

1. Bernard Baruch College with facilities for 7,000 students to be built in part on the air rights over the present site of the Atlantic Terminal structure. The above grade portion of the Terminal building is to be demolished.
2. Public High School for 4,000 students.
3. 600 Student Elementary School for grades kindergarten through 4th.
4. 2,400 dwelling units, 1,000 of which are planned as low income public housing, with the balance to be middle income units.
5. 450 dwelling units now in the area are to be rehabilitated.

In addition to the above, areas have been set aside for commercial and light industrial development and parks.

We have been informed by the Housing and Development Administration (HDA) that acquisition is continuing during 1969 with a working budget of some \$16 million. Preliminary plans for the Bernard Baruch College are nearing completion. Final site plan for the entire area is scheduled to be available in June of 1969, with a complete construction schedule finalized during the summer of 1969. Actual construction should commence prior to the end of 1970, with the Baruch school construction slated to get underway in 1971. We further understand that a commitment has been made by a sponsor for some 2,000 dwelling units.

In addition to the Atlantic Terminal structure, blocks 1 and 20, both with Flatbush Avenue frontage, (See Land Use Plan) fall within our Study Area. Block 20 has been set aside for possible commercial development and the portion of Block 1 to be acquired is listed as residential/institutional though we are confident that this could be changed to commercial if a sponsor can be obtained.

The long period of uncertainty since the initial planning for this area has undoubtedly had a deleterious effect on values and physical upkeep of properties within and surrounding the project boundaries. This trend should now be at an end, first, because the Plan now seems to be solidly based and moving forward and secondly, because many properties have reached bottom. We would expect that as construction actually commences, there will be a mildly buoyant effect on the contiguous areas of the Study Area, particularly along Flatbush Avenue.

Conversely, any serious delays in the current schedule would act as a depressant for improvement along Flatbush Avenue in the area of the Atlantic Terminal. In order for schedules to proceed as desired, agreement must be reached with the Metropolitan Transit Authority as to use of air rights and various underground encroachments. HDA is confident that such agreement will be reached in the very near future, an agreement which will allow for a future realignment of the L.I.R.R. tracks for a tie-in with existing subways to Manhattan. We must stress that agreement with MTA is crucial to the Atlantic Terminal Renewal Project as well as to the Flatbush Avenue area from the Atlantic Terminal to Fulton Street.



LEGEND

- | | | |
|---------------------------|-------------------------|--|
| RESIDENTIAL | LIGHT INDUSTRIAL | UTILITY EASEMENT |
| INSTITUTIONAL | PARK | PROJECT BOUNDARY |
| RESIDENTIAL/INSTITUTIONAL | NOT TO BE ACQUIRED | IN ADDITION TO THE USES SHOWN |
| COMMERCIAL | CONDITIONAL ACQUISITION | GENERAL COMMERCIAL USES SHALL BE PERMITTED |

FINAL PROJECT REPORT
ATLANTIC TERMINAL
THE CITY OF NEW YORK
HOUSING & DEVELOPMENT ADMINISTRATION

LAND USE PLAN



SCALE - FEET
0 100 200 300

DATE MAY 15, 1968
CODE No R 213

ATLANTIC TERMINAL URBAN RENEWAL PROJECT

Transportation

One of Downtown Brooklyn's greatest resources is its public transportation. All three of the city's subway systems have lines which crisscross the Study Area along with 19 bus routes. (See Map - Transit Facilities). These rapid and surface transit facilities connect Brooklyn directly with Manhattan, Queens and Staten Island. In addition, the Long Island Railroad has a terminus at the Atlantic Terminal. The Verrazano Narrows Bridge, the Brooklyn-Queens Expressway, the Manhattan, Williamsburg and Brooklyn Bridges and the Brooklyn-Battery Tunnel all serve to connect Brooklyn with its neighboring counties.

Approximately one-half million people arrive in Downtown Brooklyn daily. The IND, BMT and IRT subway systems, with their ten lines and numerous stations, located conveniently throughout this area, carry approximately 140,000 passengers to and from this area daily - 40,000,000 annually. (See Schedule - Turnstile Registration).

In addition, the nineteen bus routes which pass through this area carry approximately 240,000 persons daily - 85,500,000 annually, (See Schedule - Surface Transit Operation) while 20,000 commuters arrive and depart daily at the Atlantic Terminal station of the Long Island Railroad.

Further, about 100,000 persons use the arterial network leading to and from Downtown Brooklyn daily while 10,000 persons arrive or depart on foot. Of the approximately 500,000 people on the streets of Downtown Brooklyn each day, about one-third work there, while sixty percent are shoppers and the remainder are clients or visitors.

The proposed major improvements to the existing transportation facilities of Downtown Brooklyn are:

- A. Extension of Long Island Railroad service to Lower Manhattan - Plans are currently under consideration to either extend the Long Island rail service from Atlantic Terminal directly to the Wall Street area or to establish connections from the LIRR with the subway system between these same two points. This project will be undertaken during Phase II of the Metropolitan Transportation Authority's Program for Action at a preliminary cost estimate of \$65 million. At present, no time schedule has been announced.

- B. Cross-Brooklyn Expressway - Eleven miles of expressway are proposed as a link between the Lower Manhattan Expressway at the Williamsburg Bridge and Nassau County. On May 3rd, Mayor Lindsay announced the halting of plans for this project. The stoppage was attributed to the rejection by the State Legislature of a bill permitting 90% Federal reimbursement for the schools, parks, playgrounds and other facilities that the City planned atop the Expressway. This Expressway was to have been the base for the Lindsay Administration's Linear City project. Although in limbo, at present, it is likely that this proposal will be reactivated at some time in the future.
- C. Verrazano-Narrows Bridge - The lower level of this bridge is now under construction, connecting Staten Island with Brooklyn. This second six-lane deck is expected to be in operation by mid-June of this year.

Turnstile Registration

Division-Line-Station	10/9/68	3/3/68	10/11/67	3/8/67	10/5/66	3/9/66	Annual Totals	
							6/30/67-6/30/68	6/30/66-6/30/67
IRT Bklyn: Hoyt St. Nevins St.	8,990 8,550	8,337 8,020	8,769 8,669	8,770 8,080	7,960 7,543	8,593 7,963	3,013,373 2,656,667	2,900,263 2,493,717
BMT 4th Ave.-Bklyn: Lawrence St. DeKalb Ave.	8,134 15,533	7,813 14,012	8,629 14,969	9,104 12,273	8,549 13,954	9,092 14,633	2,344,991 4,403,944	2,478,203 4,433,290
14th St.-Canarsie: DeKalb Ave. Myrtle Ave.	4,847 8,474	4,879 8,742	4,838 8,973	4,910 8,639	4,772 8,336	4,966 8,957	1,369,201 2,626,372	1,357,310 2,586,794
Myrtle Ave: Bridge St.	4,465	4,364	4,563	4,613	4,408	4,731	1,303,296	1,288,941
IND Eighth Avenue: Jay St.-Borough Hall Hoyt-Schermerhorn St.	19,735 9,979	19,056 9,522	20,092 10,369	19,632 10,225	18,705 9,171	20,018 9,665	5,362,867 3,429,526	5,349,663 3,280,491
Bklyn Crosstown: Fulton Street	1,640	1,623	1,716	1,727	1,677	1,886	513,203	538,338

Turnstile Registration (Continued)

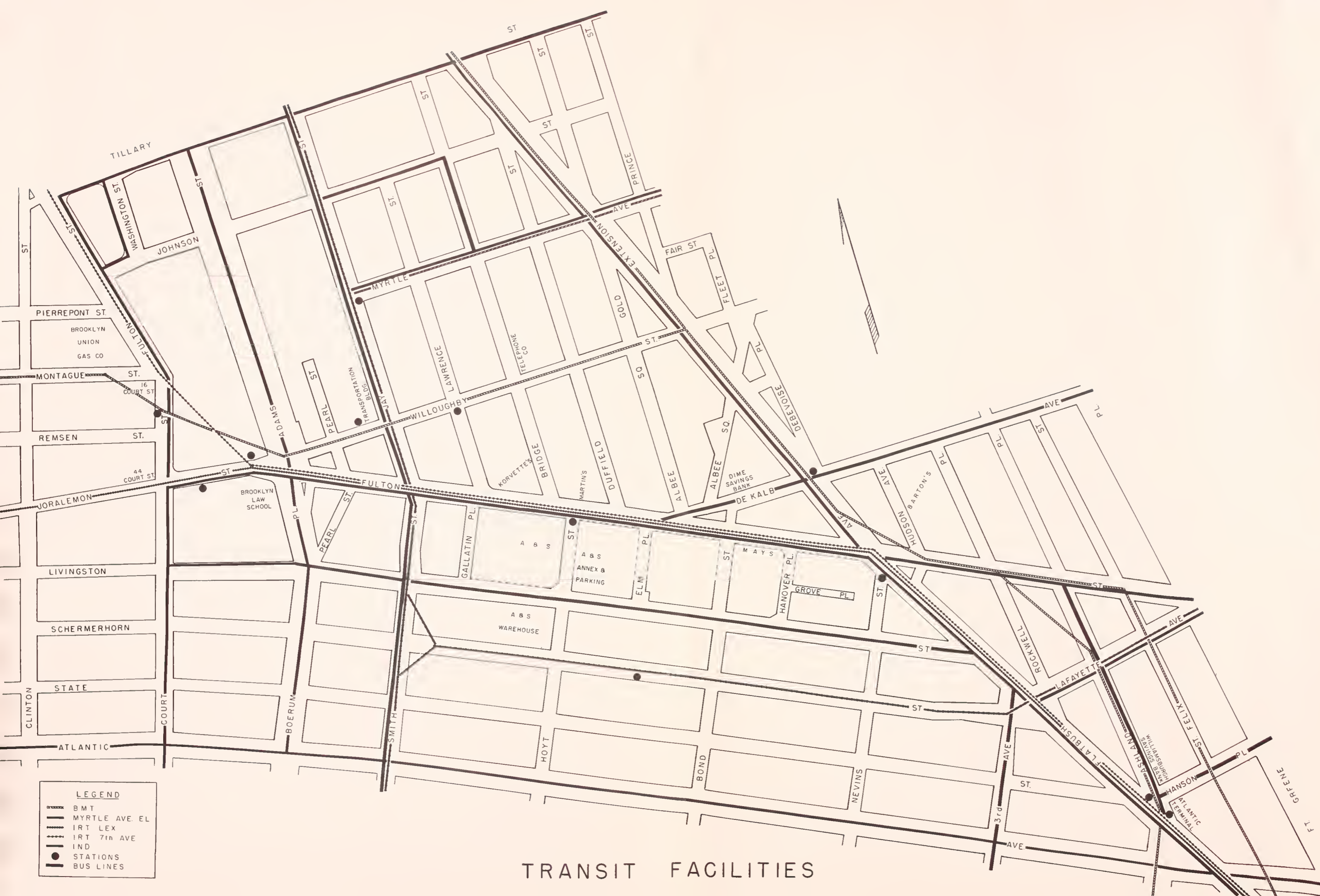
Interdivisional Free Transfer Station	10/9/68	3/3/68	10/11/67	3/8/67	10/5/66	3/9/66	Annual Totals	
							6/30/67-	6/30/66-
							6/30/68	6/30/67
Borough Hall: IRT-Borough Hall BMT-Court St.- 4th Ave.	28,114 closed	27,486 closed	27,950 closed	24,204 3,149	((25,828) (((27,017) (((6,769,355) (((6,759,148) (
Atlantic Avenue: BMT-Atlantic Ave. IRT-Atlantic Ave.	4,126 18,531	4,015 19,941	3,384 19,812	3,358 20,423	3,386 20,045	3,465 20,593	(6,259,500) ((6,341,393) (
<u>TOTAL:</u>	141,118	137,810	142,733	139,107	134,334	141,579	40,052,295	39,807,551

Surface Transit Operation

Total Revenue Passengers Year Ending:

<u>Line & Route Number</u>	<u>June 30, 1968</u>	<u>June 30, 1967</u>
Brooklyn-Staten Island - 8X	37,606	49,087
Carlton Avenue -19	444,404	468,624
Fulton Street -25	3,901,137	3,896,303
Putnam Avenue -26	4,933,461	4,988,562
Third Avenue -37	5,569,810	5,521,446
DeKalb Avenue -38	8,025,261	8,027,853
Flatbush Avenue -41	13,930,864	13,823,232
St. John's Place -45	5,021,577	5,109,804
Gates Avenue -52	5,388,350	5,436,191
Myrtle Avenue -54	706,095	826,045
Flushing Avenue -57	4,231,387	4,328,017
Crosstown(Bklyn-Queens)-61	6,723,636	6,859,347
Graham Avenue -62	3,421,188	3,463,808
Fifth Avenue -63	9,837,567	9,893,272
Bergen Street -65	4,205,146	4,372,203
Seventh Avenue -67	3,975,677	3,921,851
Vanderbilt Avenue -69	2,053,790	2,108,112
Smith Street -75	3,049,971	2,984,633
Brooklyn - Manhattan -15	NA *	NA *
 <u>TOTAL:</u>	 85,456,927+	 86,078,390+

* NA - Not Available.



TRANSIT FACILITIES

LEGEND

BMT

MYRTLE AVE. EL

IRT LEX

IRT 7th AVE

IND

STATIONS

BUS LINES

Government

The largest user of office space and employer of white collar workers in Downtown Brooklyn is Government - Federal, State and Municipal. Since the end of World War II, Brooklyn's Civic Center has undergone major redevelopment. The Civic Center area is generally bounded by Cadman Plaza on the west, Atlantic Avenue on the south, Jay and Smith Streets to the east and Tillary Street on the north. (See Map - Principal Government Facilities and Competitive Office Buildings).

At a cost of about \$300 million dollars, over 1.2 million square feet of office space has been created to provide for the nearly 30,000 government workers now employed in this district. Further, a new Surrogates Court building is planned for the block bounded by Boerum Place and Livingston, Smith and Schermerhorn Streets.

Listed below are some of the major post-war vintage government facilities located in the Civic Center area:

<u>Facility</u>	<u>Address</u>	<u>Date Completed</u>
Family Court Building	291 Adams Street	1953
Transportation Building	370 Jay Street	1954
NYC Department of Traffic	350 Jay Street	1954
NYC Dept. of Social Services	330 Jay Street	1954
Supreme Court Building	360 Adams Street	1957
U.S. Court House	225 Cadman Plaza East	1961
Federal Building	35 Tillary Street	1961
Board of Education	65 Court Street	1963

In addition to the Civic Center area which houses courts and court related functions, the Post Office, Borough Hall and Municipal Building, Domestic Relations Center, Welfare Center, Transit Authority, Board of Education and Prison, numerous other government functions are present throughout the Study Area. These include the New York State Bureau of Motor Vehicles and the State Department of Taxation and Finance located at 350 Livingston Street. The most widely represented government facilities in Downtown Brooklyn are the Department of Welfare, the Department of Social Services and the New York State Department of Labor - Division of Employment.

We firmly believe that the growth of Government in Downtown Brooklyn will continue and perhaps even accelerate for the foreseeable future, with beneficial effect on the areas surrounding the Civic Center.

Educational Institutions

During the 1968 academic school year Brooklyn registered a total enrollment of 600,000 elementary and high school students, of which 414,000 were enrolled in public schools. In the 1969 academic year, public school enrollments increased to 419,000, which represents more than one-third of the City's total of 1.1 million.

Within the Study Area (and immediately surrounding area) the largest high school is Brooklyn Technical located at 29 Fort Greene Place with 1,082 graduates in 1968. The major vocational high school is the George Westinghouse Vocational and Technical School located at 105 Johnson Street, which graduated 282 students in June 1968. Other secondary schools of note include Packer Collegiate Institute at 170 Joralemon Street, with a current enrollment of 586 and the Institute of Design and Construction at 311 Bridge Street, which trains draftsmen and technicians for the building industry. This school has recently purchased the American Law Book Company Building at Flatbush Avenue and Willoughby Street. These new quarters will allow for the training of 1,000 students.

There are seven major facilities for higher education within the Study Area, with a total enrollment of approximately 33,000 students, as per the following schedule:

<u>School</u>	<u>Principal Address</u>	<u>Students</u>	<u>Faculty</u>
St. Francis College	180 Remsen St.	2,200	107
Long Island University - Brooklyn Center	385 Flatbush Ave.Ext.	7,516	375
Brooklyn Law School	375 Pearl St.*	1,000	35
St. John's University - Brooklyn Center	96 Schermerhorn St.	2,625	109
N.Y.C. Community College	300 Pearl St.	14,000	800
Polytechnic Institute of Brooklyn	333 Jay St.	5,500	400
Packer Collegiate Inst.**	170 Joralemon St.	100	5
		<u>32,941</u>	<u>1,831</u>

* New quarters located at 250 Joralemon Street are to be occupied in the Summer, 1969.

** College level facility - As noted above this institute also includes a secondary school.

Each of these institutions is either planning for future expansion or already has an expansion program underway.

St. Francis College is in the midst of a \$20 million development program started in 1958, when additional office space and lecture rooms were rented in Brooklyn Heights. In 1960, five buildings on Remsen Street were purchased along with an adjoining building which was converted into a library, audio-visual aid room and language lab. In 1953 this college had an enrollment of 414 students - now 2,200. A 1976 estimate of 3,000 students is projected.

Long Island University representatives, when interviewed, revealed no definite expansion plans outside of its present campus boundaries. A new library for the Brooklyn Center is given first priority, although no commencement date has been set.

Brooklyn Law School will move from the building it now occupies at 375 Pearl Street to a new 10 story structure now nearing completion at 250 Joralemon Street in the summer of 1969.

St. John's University revealed no specific physical expansion plans at present. However, they stated that their resources are to be concentrated on increasing and broadening the curriculum.

New York City Community College is planning to expand the facilities along Jay Street by 1971. This will include a new location for its School of Technology. Further, by 1975, a student enrollment of 18,000 is expected - 6,000 day students and 12,000 evening students.

The Polytechnic Institute of Brooklyn has a ten year expansion program which originated in 1966 when the City Planning Commission declared the area owned by the Institute and bounded by Myrtle Avenue and Jay, Johnson and Lawrence Streets as an Urban Renewal Area and suitable for redevelopment. On the Institute's nine acres of land, a two-decked campus is to be created at a cost in excess of \$50 million. Included in this expansion and redevelopment program are an 18 story, 300,000 square foot academic tower, two dormitories, one housing 650 graduate students and 400 under-graduates and a new library. No scheduling dates have been made available.

Packer Collegiate Institute has recently purchased the St. Ann's School building at 129 Pierrepont Street to provide for its expanded operation.

Finally, according to present plans for the Atlantic Terminal Renewal Project, Bernard Baruch College is slated to occupy 1.5 million square feet of space for its anticipated enrollment of 7,000 students. Further, a 450,000 square foot public high school is to be built in this area with facilities for 4,000 students.

Banking Facilities

The Study Area is well served by banking institutions of all types - 4 Savings & Loan Association offices, 7 Mutual Savings Bank locations, and 18 Commercial Bank branches. Headquarters are maintained in this area by the 4 Savings & Loan Associations, 5 of the Mutual Savings Banks and 2 of the Commercial Banks.

The Dime Savings Bank of Brooklyn and the Williamsburgh Savings Bank together held over \$3-billion in deposits in 1968 - \$2-billion at the Dime and \$1.2 billion at the Williamsburgh. These figures are for the institution's total operations, as no data was available for the Study Area headquarters locations alone.

Many of the nation's largest commercial banks including the Chase Manhattan Bank, First National City Bank, Bankers Trust Company, Manufacturers Hanover Trust Company and Chemical Bank New York Trust Company are represented by branches in the Study Area. In fact, First National City and Manufacturers Hanover each maintain three branches in the Area. The principal Brooklyn Commercial Bank is the Kings County Lafayette Trust Company with headquarters and two other banking locations in Downtown Brooklyn.

The following schedule will serve to inventory banking facilities in the Study Area - its length an indication of the excellent service available. This representation is a plus factor for attracting new development and further it testifies to the strength of the current business climate as well as the faith in the area's future held by these institutions.

Banking Facilities

<u>Name</u>	<u>Address</u>
<u>Savings & Loan Associations</u>	
Atlantic Savings & Loan Assoc.*	175 Remsen St.
Brooklyn Federal S & L Assoc.*	81 Court St.
Liberty Savings & Loan Assoc.*	175 Joralemon St.
Equitable Federal S & L Assoc.*	356 Fulton St.

Mutual Savings Banks

Brooklyn Savings Bank*	211 Montague St.
Brooklyn Savings Bank	98 Livingston St.
The Dime Savings Bank of Bklyn*	9 DeKalb Ave.
Fulton Savings Bank Kings County*	395 Jay St.
The Greater New York Savings Bank	55 Flatbush Ave.
South Brooklyn Savings Bank*	130 Court St.
Williamsburgh Savings Bank*	One Hanson Place

Commercial Banks - National

Bank of Commerce	26 Court St.
Banker's Trust Company	205 Montague St.
Royal National Bank of New York	188 Montague St.
Franklin National Bank	189 Montague St.
First National City Bank	181 Montague St.
First National City Bank	370 Jay St.
First National City Bank	294 Livingston St.
Chase Manhattan Bank	187 Montague St.

Commercial Banks - State

Central State Bank*	32 Court St.
Kings County Lafayette Trust Co.*	342 Fulton St.
Kings County Lafayette Trust Co.	200 Montague St.
Kings County Lafayette Trust Co.	650 Fulton St.
Manufacturers Hanover Trust Co.	177 Montague St.
Manufacturers Hanover Trust Co.	141 Livingston St.
Manufacturers Hanover Trust Co.	65 Flatbush Ave.
Chemical Bank New York Trust Co.	50 Court Street
Chemical Bank New York Trust Co.	33 Flatbush Ave.
American Bank & Trust Co. **	185 Montague St.

* Headquarters

** Branch opened on May 5, 1969.

The Competitive Office Market

Virtually all postwar office building construction in the Study Area has been provided expressly for or tenanted by government agencies, educational institutions or utility companies (Brooklyn Union Gas Co. and New York Telephone). The only notable exceptions are:

1. 141 Livingston Street built in 1959 by the Continental Insurance Companies for their own use but subsequently leased, for the most part to private tenants. This structure contains 144,000 square feet in 15 stories.
2. 175 Remsen Street, a 12-story building erected in 1960, containing 105,000 square feet.

The 18-story building at 65 Court Street, built in 1963 was originally to be leased to private tenants but was taken over by the City for use by the Board of Education.

Utility companies account for a significant portion of the postwar space created, including the Brooklyn Union Gas Company Building at 195 Montague Street, with approximately 264,000 square feet and the approximately 100,000 square feet occupied by the New York Telephone Company in the Barton's Building at Fulton Street and Hudson Avenue. New York Telephone is currently negotiating for an additional 35,000 square feet at this location. The balance of this building is primarily a factory and distribution facility, although Barton's does occupy a limited amount of additional office space.

Substantial quantities of office space have been created since World War II for government agencies and educational institutions. We have discussed trends in these regards in separate sections but it should be noted that both of these users have leased substantial space in older competitive office buildings throughout the Study Area and must be considered as tenant possibilities in any future buildings that may be erected.

There are, at present, two conventional office projects in planning in the Study Area, both in the Borough Hall district.

1. Sol Atlas and John McGrath, prominent Lower Manhattan office developers, intend to build a 21-story, 400,000 square foot structure on the northwest corner of Livingston Street and Boerum Place. We believe construction may be imminent, based on information we have received that the tenant parking lot operator now on the site has been given notice to close his lot by June 1, 1969. We were unable to learn of any specific major tenant committed for this building but believe the Atlas-McGrath interests may very possibly have one lined up - perhaps a spillover from one of their Lower Manhattan properties.

Messrs. Atlas and McGrath stated that this building is, in their own opinion, a speculative venture and its success will be in large part dependent on their ability to attract tenants now located in or seeking space in Manhattan.

2. The triangular block bounded by Fulton, Pierrepont and Clinton Streets was recently purchased by Leonard Zigelbaum who operates the parking lot on this site. Mr. Zigelbaum has retained prominent Manhattan office leasing specialists to seek a major tenant and plans to erect a structure of at least 450,000 square feet - possibly as much as 700,000 square feet. He has reported interest from smaller but well rated tenants for units of 30,000 to 40,000 square feet.

The majority of the major competitive pre-war office buildings in the Study Area are in the Court Street district. (See Schedule - Principal Competitive Office Buildings). The one notable exception is the Williamsburgh Savings Bank Building at One Hanson Place. We have not considered, in this discussion, the Telephone Company buildings at Willoughby and Bridge Streets nor any remaining pre-war government structures, as they are clearly non-competitive facilities. Further, we have considered only structures that offer reasonably first class modern office amenities.

Much of the space offered in and around Court Street has been recently renovated - in large part as a result of the Civic Center redevelopment. Tenants are, for the most part, small users of space - attorneys, real estate firms, title companies, etc. - many of whom have government related functions.

Renting in these buildings is strong with few vacancies and those only of scattered small units. There does not, however, appear to be any significant demand for space in addition to that already in place.

Current rentals for modern office space in both prewar and postwar structures generally range from \$5 to \$6 with full services. (See Schedule - Selected Competitive Office Rentals). A 1968 lease for 14,378 square feet with the Equitable Life Assurance Society at 16 Court Street calls for a rental of \$6.00 per square foot, including cleaning service. In our opinion, rentals in the new buildings now in planning will average \$7.00 to \$7.50 per square foot.

If the new structures are unable to fully rent to a few large tenants they may turn to the better prewar buildings for smaller tenants. This might create a temporary glut of vacancies in these older buildings but we believe the space would be absorbed by expanding firms and government or government related tenants. This last group should continue to grow as government functions in Downtown Brooklyn increase.

Although Borough Hall is Downtown Brooklyn's ranking office district, there is a significant amount of space and activity on Livingston Street, including 141 Livingston Street, one of the area's few post-war structures. Sylvan Lawrence, an active Manhattan and Brooklyn developer, recently completely renovated the former warehouse structure at 250 Livingston Street and has rented the entire 266,000 square foot building to New York Community College and the New York City Department of Welfare. The most recent lease with the College for two floors - a total of 60,000 square feet - was on a no service basis and would convert to a rent in the neighborhood of \$5.50 to \$6.00 per square foot with full services. We understand that Mr. Lawrence has been attempting to acquire the property adjacent to the east to expand this development. The Internal Revenue Service Building at 210 Livingston Street, now vacant, will, we understand, be offered for sale in the near future. It is quite possible that this structure may also be converted to modern office space and placed on the rental market. In our opinion, this type of activity represents an interesting and viable form of investment in the secondary areas of the Study Area.

New office facilities may be created along Flatbush Avenue as part of a future redevelopment of the area from the Atlantic Terminal to DeKalb Avenue. This is, of course, very uncertain and the possibilities and problems have been fully discussed in other sections of this report.

In conclusion, we believe that there will be an increasing level of office building construction in the Borough Hall area. This space should be successfully marketed at \$7.00 to \$7.50 per square foot and tenanted at least in part by firms seeking space in Lower Manhattan and either unable to obtain it or preferring lower rentals. As sites in Borough Hall become increasingly scarce, we believe the line of new office development will continue on Livingston Street, at first in the area nearest the Civic Center and then advancing in the direction of Flatbush Avenue. As stated above, the possibility of new office structures on Flatbush Avenue has been discussed separately.

Principal Competitive Office Buildings

<u>Address</u>	<u>Stories</u>	<u>Rentable Area (Sq.Ft.)</u>
16 Court Street	41	480,000*
26 Court Street	28	175,000*
32 Court Street	20	100,000
44 Court Street	12	139,733
50 Court Street	12	97,320*
66 Court Street	31	399,800*
195 Montague Street	14	263,875
141 Livingston Street	15	144,000
175 Remsen Street	12	105,000
1 Hanson Place	30	325,000
N/W/C Livingston Street & Boerum Place	21	400,000**
Pierrepont Street, Fulton Street & Clinton Street	-	450,000-700,000***

* Estimated

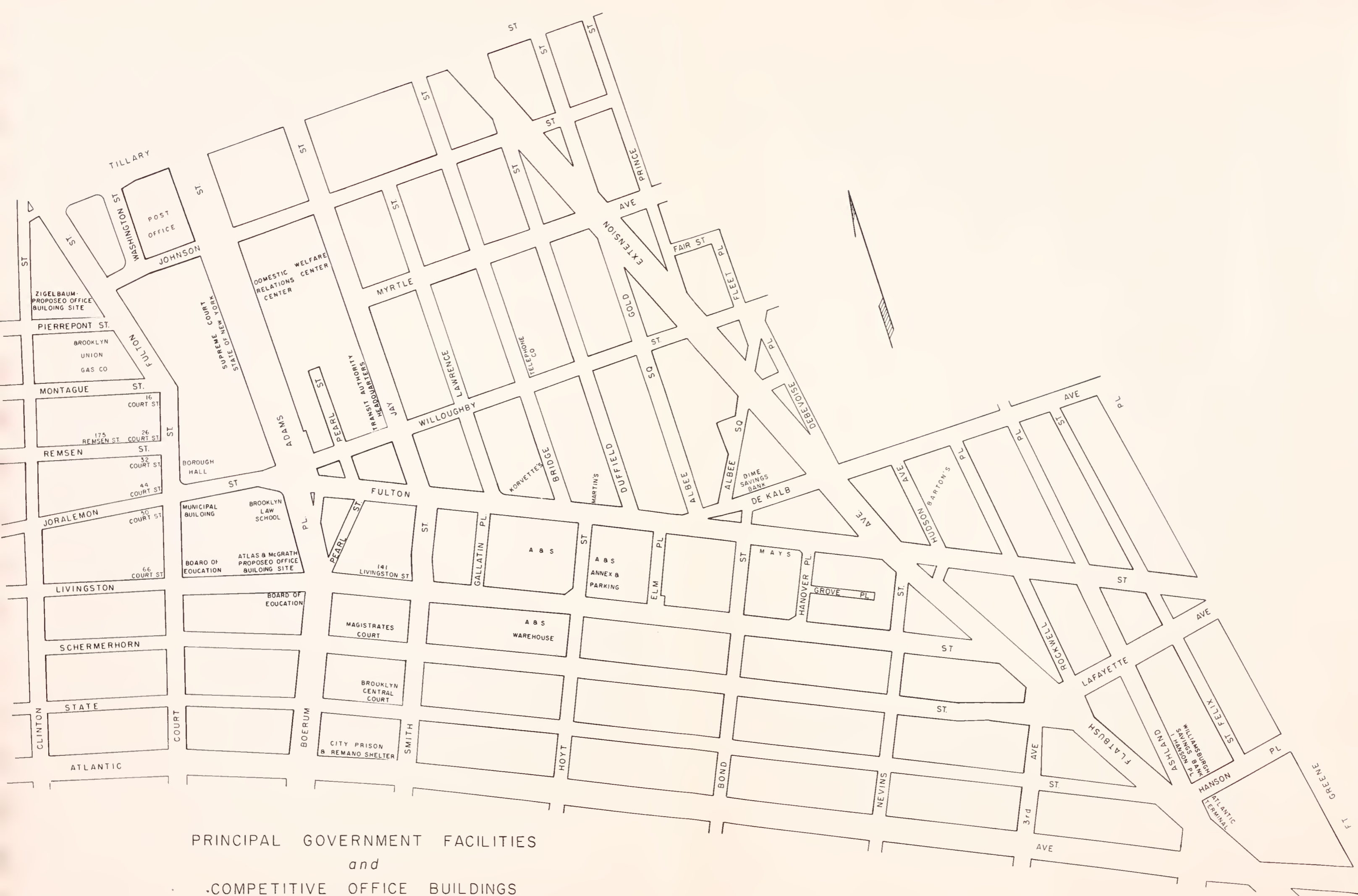
** Atlas & McGrath proposed Office Building

*** Zigelbaum proposed Office Building

Selected Competitive Office Rentals

<u>Address</u>	<u>Lease Commencement Date</u>	<u>Tenant</u>	<u>Area (Sq.Ft.)</u>	<u>Rental Per Sq.Ft.</u>	<u>Service</u>
240-252 Livingston St.	7/66	NYC Welfare Dept.	136,000	\$3.45	AC
	7/66	Veteran's Adminis.	60,000	3.15	C
	9/66	NYC Comm. College	70,000	4.64	AC
217 Duffield St.	10/66	NYC Welfare Dept.	89,730	3.34	AC
57 Nevins St.	10/66	NYC	28,722	3.54	AC
195 Montague St.	1967	IBM	-	6.00	*
16 Court St.	1968	Equitable Life Assurance Society	14,378	6.00	C
141 Livingston St.	1968	For New Leases	-	5.00-6.00	AC,C
240-252 Livingston St.	4/69	NYC Comm. College	60,000	4.50	None
44 Court St.	1969	For New Leases	-	4.50-5.50	C
186 Joralemon St.	1969	For New Leases	-	4.50-6.00	AC
1 Hanson Pl.	1969	For New Leases	-	4.25-5.00	C
175 Remsen St.	1969	For New Leases	-	5.50	C

* Not Available.
 AC Air Conditioning
 C Cleaning Service



PRINCIPAL GOVERNMENT FACILITIES
and
COMPETITIVE OFFICE BUILDINGS

Land Values

It has been our experience that areas undergoing land speculation and rising value trends are frequently the scene of extensive redevelopment, shortly thereafter.

With this in mind, we analyzed recent transfers of property, both vacant and improved, in order to develop a general feel for current land values and the pace of transfers at various locations within the Study Area. We stress that, although based on specific actual sales, the value estimates set forth below are only "ballpark" figures and cannot be applied inflexibly to any given property.

In all, we obtained data on 28 open market sales. (See Map and Schedule - Land Sales). Many sales were of vacant land or clearly reflected land value as the structures were scheduled for demolition. In other cases, we were forced to adjust for existing improvements and on some transactions, which occurred in the early '60's, we attempted to gauge the effect of the passage of time. In short, certain key sales were chosen as the best indicators of current value and we relied principally on those.

We also interviewed appraisers and brokers active in the Downtown Brooklyn market and elicited their opinions on land values in the current market. As there was no great divergence between the majority of their opinions and the recorded data mentioned above, we considered their views to be of great value.

A summary of our estimates follows:

1. Flatbush Avenue from the Atlantic Terminal to DeKalb Avenue.

In our opinion, land fronting on and in proximity to Flatbush Avenue between the points described is obtainable at approximately \$13 to \$17 per square foot. In making this determination, we relied heavily on the reported purchase price paid by Mr. Klein of Barton's Candy Co. for the major portion of the block bounded by Flatbush, Hudson and DeKalb Avenues. This property utilized as a parking lot was acquired for approximately \$15 per square foot (based on reports varying from \$13 to \$17 per square foot).

Appraisers in the area estimated land value in this district to be generally \$10-\$15 per square foot and all agreed, as we do, that with few exceptions, property value is equivalent to land value.

Recorded sales in this area generally supported our findings after adjustments were made. For example, Sale #3 of a parking lot on the northwest corner of Flatbush Avenue and Schermerhorn Street showed a unit value in July 1966 of \$10 per square foot. Sale #13, in February 1969 of the Fox Theatre Building to Mr. Klein of Barton's carried a unit price of \$22 per square foot. The improvement, though distressed in condition and vacancies, is still substantial, as reflected by the sales price.

2. Schermerhorn and Livingston Streets from Nevins Street to Boerum Place.

We estimate land value in this area to be some \$15-\$20 per square foot. Heaviest reliance was placed on several sales as follows:

- Sale #14 - A 22,000 square foot parcel of vacant land used for parking sold in 1962 at 300 Livingston Street at a unit rate of about \$18 per square foot.
- Sale #16 - A 1967 sale of a 14,600 square foot plot with improvement sold for land value at 234-238 Livingston Street for approximately \$18 per square foot.
- Sale #17 - This 14,000 square foot parking lot at 280-304 Schermerhorn Street sold in 1967 for \$13.55 per square foot.

3. Fulton Street from Adams to Nevins Street.

We were unable to find any recent recorded land sales along Fulton Street. Based on our interviews with appraisers and brokers and our value estimates in areas surrounding Fulton Street, we estimate current value at \$25-\$30 per square foot.

4. Borough Hall District.

We estimate the current value of land in this area to be about \$35-\$40 per square foot. Land in this district represents the highest value in the Study Area. Values are definitely trending upwards as illustrated by the assemblage for St. Francis College's expansion. In 1961 assemblage costs were about \$23 per square foot land and building (See Sale #18). In 1965 a parcel was acquired at \$80 per square foot (See Sale #22) and in late 1967 a 6,276 square foot property was purchased at almost \$98 per square foot, land and building (See Sale #24). Purchase prices for the later parcels were, of course, inflated by seller's knowledge of the assemblage but part of the rise was, in our opinion, a true rise in land value.

Leonard Zigelbaum recently purchased the triangular plot bounded by Fulton, Pierrepont and Clinton Streets at a cost of \$30 per square foot. This is a good indication of the current active market in this area as this parcel was available for years without takers. Mr. Zigelbaum, who was the tenant parking operator on this site, purchased it to protect his business. Significantly, shortly after he signed contracts, he was offered a profit for the contract.

5. Area North of Willoughby Street

Sales have been sparse in this area but based on Sales #26 and #28, we estimate land to be worth approximately \$10 per square foot. This figure was borne out in our discussions with local appraisers.

We summarize below the value estimates for each area as set forth above:

<u>Area</u>	<u>Estimate of Land Value</u> <u>(Per Sq.Ft.)</u>
1- Flatbush Ave.	\$13-\$17
2- Livingston/Schermerhorn	15- 20
3- Fulton Street	25- 30
4- Borough Hall	35- 40
5- North of Willoughby St.	10

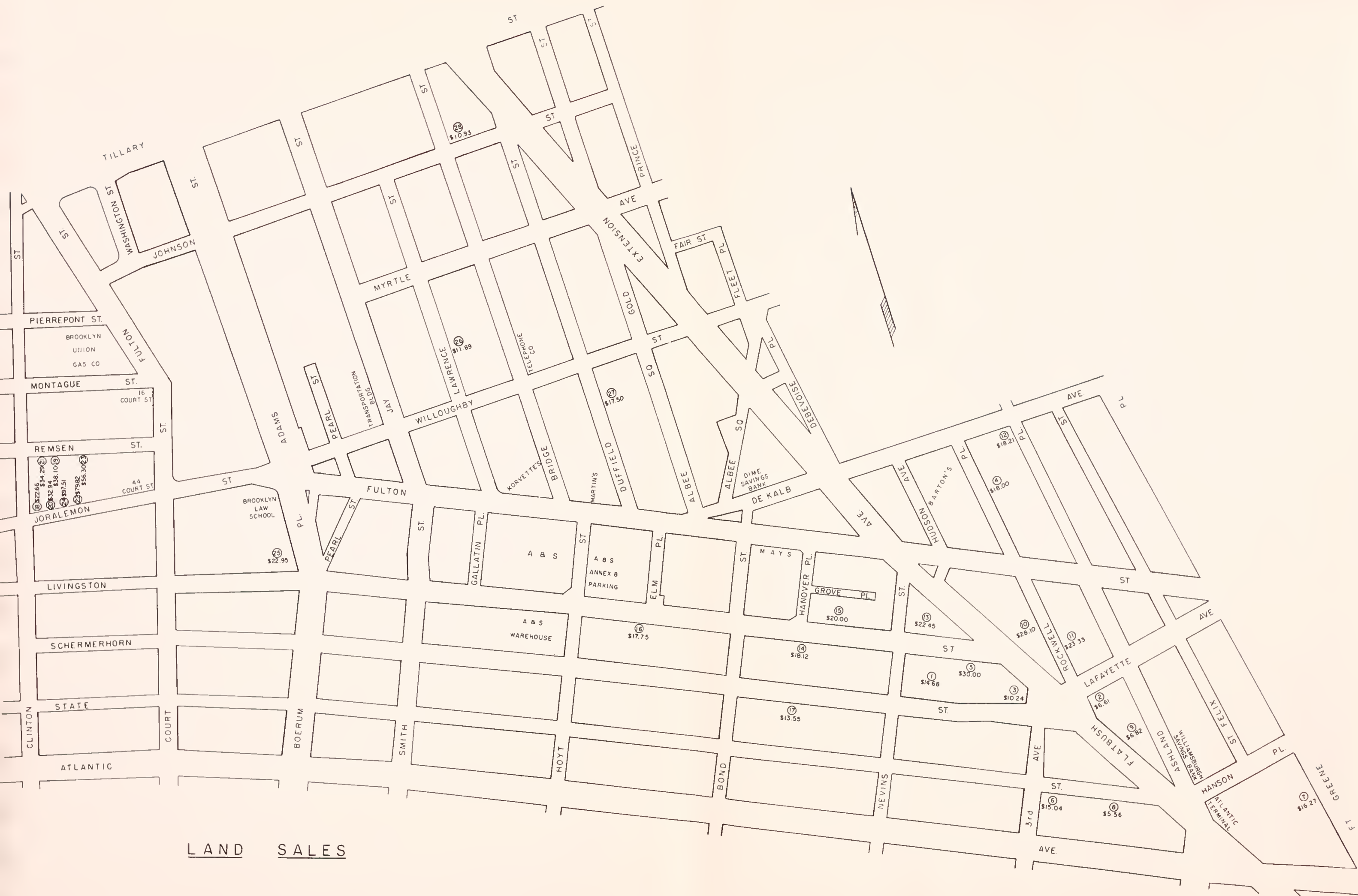
In our opinion, the pace of land speculation in Downtown Brooklyn will quicken during the next two to three years. Residential and commercial real estate activity in the Brooklyn Heights and Borough Hall sections will continue to accelerate, causing prices to rise to levels which no longer represent "bargains". The speculators will then move to other areas of Downtown Brooklyn. We believe this line of march will be along Livingston Street in the direction of Flatbush Avenue.

Key	Address	Date	Land Sales		Consideration Per Sq.Ft.	Description
			Plot Area	Amount		
1	327-331 Schermerhorn (346-354 Livingston)	4/10/63	17,210	\$252,700	\$14.68	6 sty. office building (recent construction)
2	4 Lafayette Ave.	6/30/66	1,740	11,500	6.61	Vacant lot
3	N/W/C Flatbush & Schermerhorn	7/6/66	19,530	200,000	10.24	Parking lot
4	19-29 Rockwell Pl.	7/12/66	10,000	180,000	18.00	3 sty. factory & warehouse
5	356 Livingston	8/15/66	1,500	45,000	30.00	4 sty. office building
6	514 State St. (25 3rd Ave.)	12/3/66	1,150	17,300	15.04	3 sty. tenement
7	184-190 Ft. Greene Pl.	12/23/66	5,642	91,800	16.27	2 sty. industrial building
8	534 State St.	2/3/67	1,800	10,000	5.56	3 sty. town house
9	93-95 Flatbush Ave.	7/26/67	4,400	30,000	6.82	(2) 3 sty. office & store bldgs(vacant)
10	33 Flatbush Ave.	8/21/68	6,460	181,500	28.10	7 sty. office building
11	93-97 Rockwell Pl.	10/7/68	6,000	140,000	23.33	5 sty. office building
12	100 DeKalb Ave.	11/21/68	1,400	25,500	18.21	4 sty. tenement
13	10-52 Flatbush Ave.	2/69	30,072	675,000 (estimate)	22.45	12 sty. office & theatre building
14	300 Livingston	5/1/62	22,397	405,766	18.12	Parking lot
15	295 Livingston	10/3/66	2,500	50,000	20.00	2 sty. office & store bldg.
16	234-238 Livingston	2/10/67	14,644	260,000	17.75	Sold as land value*
17	280-304 Schermerhorn	9/5/67	14,024	190,000	13.55	Parking lot
18	167 Joralemon	12/21/61	2,736	62,000	22.66	Sold as land value*
19	160 Remsen	4/19/62	2,625	100,000	38.10	" " " "
20	171 Joralemon	5/23/63	2,125	70,000	32.94	" " " "
21	158 Remsen	12/13/63	2,625	90,000	34.29	" " " "
22	179 Joralemon	1/18/65	1,754	140,000	79.82	" " " "
23	170 Remsen	6/65	2,700	152,000	56.30	" " " "
24	175 Joralemon	11/17/67	6,276	612,000	97.51	" " " "
25	N/W/C Livingston St. & Boerum Pl.	1965	32,684	750,000	22.95	" " " "

Land Sales

<u>Key</u>	<u>Address</u>	<u>Date</u>	<u>Plot Area</u>	<u>Consideration</u>		<u>Description</u>
				<u>Amount</u>	<u>Per Sq. Ft.</u>	
26	107-117 Lawrence	6/63	15,133	\$180,000	\$11.89	Sold for land value *
27	217 Duffield St.	7/2/65	29,714	520,000	17.50	7 sty. warehouse
28	135-137 Johnson St.	1/2/67	29,100	318,000	10.93	7 sty. garage, warehouse & parking lot.

* Although improved at time of sale - property was clearly sold for demolition and price thus reflects approximate land value.



Metropolitan Area Office Development

In order to gauge the potential of Downtown Brooklyn as a future hub for significant office development outside of Manhattan's Central Business District, we studied selected concentrations of current office development throughout the Metropolitan Area. Our analysis was directed at determining the rationals for such development, the characteristics of the tenants attracted, the types of facilities and amenities offered and the local problems encountered.

The areas selected for study were:

- A. Queens Co. - a) Queens Boulevard
 b) Jamaica
- B. Nassau Co. - a) Great Neck & Manhasset
 b) Mineola
 c) Other selected locations
- C. Westchester
 Co. - White Plains
- D. New Jersey - a) Newark
 b) East Orange
 c) Bergen County
 d) Jersey City
- E. Rockland
 Co. - Blue Hill Office Park, Orangetown.

In each area, interviews were conducted with major employers, builders, officers of financial institutions, real estate brokers and governmental personnel. In addition, we inspected recent developments in each locale and drew upon information compiled by our own organization during studies conducted in these areas.

An unprecedented boom in office construction is currently underway in many suburban areas and activity is at a strong level even in long established areas such as Newark and Jersey City. There are many similarities that may be cited which hold true for all areas studied except Jamaica which will be discussed separately.

1. Office renting is strong at rates of about \$7 per square foot for relatively small units. These rentals are considerably below those being obtained in Manhattan although in many cases the suburban buildings offer space that is physically on a par and sometimes superior to the speculative Manhattan structures. This can be accounted for by locational advantages held by Manhattan and the renting market itself i.e., an overall scarcity of space.
2. Although renting is strong, the situation generally is not analogous to Manhattan where the extreme scarcity of office space has created a backlog of demand with buildings often virtually fully rented from plans. In the areas with which we concerned ourselves, tenants are obtainable but aggressive renting programs and completed buildings are necessary. Generally it takes about a year after the completion of construction to achieve full occupancy.
3. For the most part, tenants in suburban office structures are companies that have previously operated in the same general area and have recently expanded or decided to upgrade their office facilities. Another significant segment of this market consists of regional offices for corporations headquartered in Manhattan or elsewhere.

There are, of course, much publicized cases of major corporations leaving Manhattan for campus facilities in the suburbs - Pepsi Cola, etc. We stress that such moves are far from the rule and do not foresee any mass exodus from Manhattan's Central Business District.

4. Suburban office facilities range from 10,000 square foot, 2-story buildings to multi-story structures with up to 500,000 square feet. Most buildings are in the 50,000 to 100,000 square foot category. The trend is, however, clearly toward larger structures and multi-building office complexes such as Blue Hill in Orangetown, Rockland County, New York, a Uris development on 227 acres of land which is to eventually market 4-million square feet of space including two 1-million square foot buildings, one a structure of 20 stories.

5. The most significant factor behind the burgeoning office boom in the bedroom communities surrounding Manhattan is the growing availability of high quality clerical personnel. Many suburban firms have reported difficulty in attracting sufficient numbers of such personnel but are pleased with the quality of these workers. This is in direct contrast to firms reporting that in Manhattan, both quantity and quality are distressingly hard to come by.
6. With regard to the specific portion of the suburban market that is attracted from Manhattan, many factors are cited as leading to their move. Some of the principal reasons are as follows:
 - a) To gain lower taxes.
 - b) Lower operating costs.
 - c) Ease of travel to and from work.
 - d) Shortage of Manhattan space for expansion.
 - e) Effect of suburban atmosphere on employee morale.

Underlying this decision however is the availability of an adequate supply of workers in the categories required by each company.

7. Except in the case of "in-city" suburban developments such as along Queens Boulevard and, to some extent, Newark and White Plains, adequate parking facilities loom as an important prerequisite for successful suburban office development. This factor is, of course, less important in areas blanketed by public transportation.

Jamaica is in many ways the area most comparable to the section of downtown Brooklyn, east of the Civic Center. Both are regional office and retail districts that have evidenced decline since World War II. Retail business along both Fulton Street and Jamaica Avenue has remained viable but with a significant lowering of the quality and price of merchandise offered, particularly along Jamaica Avenue. This change accurately reflects changes in the socio-economic character of the area's shoppers. The entertainment industry (motion picture theatres, etc.), once a mainstay of both districts, has suffered, as social problems have increased and neither district is now generally considered as "safe" for evening activities.

Little new office construction has taken place in either area and older buildings run vacancies as a matter of course. Both areas are regional transportation hubs for rapid and surface transit as well as the Long Island Railroad which maintains a major terminal in each district.

The Regional Plan Association has designated both Jamaica and Downtown Brooklyn, among other areas, as logical sub-centers - regional hubs of future office and retail development. The Association feels that this development is necessary and desirable to relieve pressures in Manhattan caused by over-saturation of the Central Business District. To this date, Jamaica has received the majority of attention by R.P.A. (which published a separate report on Jamaica Center), the press and the general public.

Since the R.P.A. Jamaica report in April, 1968, there has been little activity of note in the area but a recent announcement for a new office building may be the forerunner of increased activity. An 18-story combination garage and office building is planned along with an additional 3-story municipal parking structure opposite the Gertz Department Store on Jamaica Avenue. Completion of the major structure is scheduled for 1972 and plans call for 6 stories of parking topped by 12 stories of offices, consisting of some 250,000 square feet of rentable area. It is significant that this project is sponsored by local interests - the Gertz Long Island Division of the Allied Stores Corporation and Stanley and Jerrold Gertz.

If the projected office space is successfully marketed, this proposed building could well spark significant new construction in the area. In any case, it will serve as a useful model for possible new office construction in the Flatbush Avenue area under consideration. Although the Jamaica area is well served by public transportation including, when completed, the new station of the Green Bus Line which will be between the two proposed buildings, parking for 1,300-1,400 cars is planned in the two garage structures. These facilities will undoubtedly accrue to the Gertz store's benefit but will also serve as additional incentive in the renting of office space.

Lower Manhattan

Events now developing in Lower Manhattan may, before too long, bring beneficial changes to Downtown Brooklyn. The two areas are closely linked by rapid transit or automobile - a 5 or 10 minute ride. To this date, Brooklyn has derived little comfort from its giant neighbor and in fact has undoubtedly been inhibited by Manhattan's proximity. This was well stated in the Forward of your Committee's Annual Report as follows:

"If Brooklyn were a separate city, as its partisans sometimes advocate, it would be the third most populous city in the United States. And, they might add, if Downtown Brooklyn were located anywhere but in the shadow of commercially gargantuan Manhattan, it would be nationally recognized as a significant center of commerce, culture and other urban functions."

Now, however, there is a possibility that Downtown Brooklyn may be lifted by the severe shortage of office space and sites to build on in Lower Manhattan. The current situation from the Battery to Chambers Street almost defies description. Volumes can and have been written on this subject but a few choice statistics will best illustrate.

1. According to industry sources, of the more than 7,000,000 square feet of new office space which will be completed in Lower Manhattan during 1969, about 98% of the total has now been rented or has been spoken for.
2. During 1970 and 1971, 4,100,000 square feet are scheduled for completion of which 3,300,000 square feet or 80% are already rented or spoken for.
3. The World Trade Center with 10,000,000 square feet of space (6,000,000 square feet for government and 4,000,000 square feet for private consumption) is now 85-90% committed either by signed lease or tenant's letters of intent, although completion is not scheduled until 1972.

4. Stock brokerage firms alone have leased more than 4,000,000 square feet of space in Lower Manhattan in the year from April 1968 through March 1969. The following is a schedule of the major leases made by these firms:

MAJOR OFFICE LEASES BY SECURITIES AND INVESTMENT FIRMS
(April, 1968 - March, 1969)

<u>Company</u>	<u>Building</u>	<u>Sq.Ft.</u>
Merrill Lynch, Pierce, Fenner & Smith, Inc.	(1 Liberty Plaza (350 West St. (111 Wall St.	1 150,000 125,000 75,000
Bache & Co.	100 Gold St.	355,000
White,, Weld & Co.	1 Liberty Plaza	330,000
Walston & Co.	77 Water St.	300,000
Dominick & Dominick, Inc.	55 Water St.	275,000
Hayden, Stone Inc.	2 New York Plaza	279,000
E.F. Hutton & Co., Inc.	1 Battery Park Pl	257,000
Salomon Brothers & Hutzler	1 New York Plaza	190,000
Oppenheimer & Co.	(1 New York Plaza (4 New York Plaza	110,000 38,000
Smith, Barney & Co.	(1345 Ave. of Americas (42 Broadway	90,000 16,000
Blyth & Co.	1 Liberty Plaza	75,000
F.S. Smithers & Co.	1 Battery Park Plaza	67,930
Francis I. duPont & Co.	325 Hudson St.	52,000
Orvis Brothers & Co.	77 Water St.	40,000
Carl Marks & Co.	77 Water St.	40,000
Wood Walker & Co.	63 Wall St.	39,000
Auchincloss, Parker & Redpath	42 Broadway	32,000
Wood, Gundy & Co.	100 Wall St.	30,500
Lief, Foster, Werle & Co.	100 Wall St.	...
Gude, Winmill & Co.	1 Battery Park Pl.	23,000
Black & Co.	1 Battery Park Pl.	22,750
Herz, Warner & Co.	42 Broadway	16,000
First Hanover Corp.	42 Broadway	16,000

Source: Real Estate Forum - April, 1969

Further statistics are abundantly available to drive home the point: Lower Manhattan's office market is booming. The backlog of demand for space and rental rates have reached unprecedented heights. This situation will continue to exist for the foreseeable future - but - production of space may reach physical limits while demand from renters continues to expand strongly. Some signs of this are already present.

The actual experience of a single major brokerage house will serve to illustrate. At present, this firm occupies 220,000 square feet in Lower Manhattan and estimates that their needs through 1971 will total a maximum of 340,000 square feet. However, due to the expected shortage and high cost of office space for the foreseeable future, this company will shortly consummate a lease for 600,000 square feet to ensure sufficiency for its longer term needs. The excess space will be sublet on short term leases but eventually absorbed by the brokerage house. In our opinion, the sublet tenants who are relatively smaller users of space, usually paying very high unit rates, represent a possible market for office space in Downtown Brooklyn as they lose their leases and are unable to find suitable replacement space in Lower Manhattan. We believe, however, that it would be an excellent idea to interest developers in contacting these firms in order to include Brooklyn in their thinking when the search for replacement space commences. This might be particularly effective with developers now active in Lower Manhattan who have actually turned away prospective tenants. Some of these prospects, not finding space or unable to pay the going rentals, might be induced to shift part or all of their operations to Brooklyn.

We specifically investigated the market for brokerage back office space in Lower Manhattan. This type of operation would be ideal for new buildings in Brooklyn where attractive space could be provided for lower rents. Furthermore, the rapidity of transit between the two areas would make it feasible for a firm to maintain front offices in Lower Manhattan and back office space in Downtown Brooklyn.

We found that many problems must be overcome before such movement will become practical. Despite the shortage of Lower Manhattan space and the apparent willingness of firms to consider back office space on the far west side of Manhattan, Jersey City, etc., there is a strong reluctance to leave the shadow of the Stock Exchange. This feeling is based principally on image as follows:

- a) Stock brokerage firms are very conscious of their public relations image and generally feel that they must be fully identified as a "Wall Street House." It is widely felt that a movement of even part of their operation away from Lower Manhattan will diminish this image.
- b) Brooklyn is considered by these firms as a low prestige area. Downtown Brooklyn in the vicinity of Flatbush Avenue, though offering many physical advantages unavailable in other areas at present, lags badly in its image - even behind the far west side of Manhattan and Jersey City.
- c) Lower Manhattan, though physically disadvantaged in many ways - crowded streets, poor shopping facilities, etc. - has the proper image to attract masses of clerical and low level white collar employees. Wall Street conveys glamour, adventure and prestige - in sharp contrast to Downtown Brooklyn.

We attempted to determine what factors might ameliorate the image problem and clear the path for attracting tenants to Brooklyn. The question of employing lower rents as a magnet was explored. Although space in Lower Manhattan is currently renting for rates that are frequently in excess of \$10 per square foot, Brooklyn rents of \$7-7.50 per square foot would not attract significant users of space. For example, we were informed that for a brokerage house, rent normally represents only 5-6% of total operating costs. Assuming a Brooklyn rent of \$7 per square foot versus one in Lower Manhattan of \$10, the rent savings would be 30% but only 1.5-1.8% of total operating costs. This difference might be quickly consumed and indeed a loss could result if significant problems arose in attracting or holding employees. In any event, the saving would not be considered substantial enough to form a decision in favor of a move to Brooklyn.

Our interviews made it clear that the one factor that could change many firm's thinking relative to Brooklyn and induce actual moves would be a proven numerous and qualified clerical labor market.

One brokerage firm reported a 53% per annum turnover of their clerical personnel - higher for females - and stated that it was becoming increasingly more difficult to replace such workers or to add additional employees. With this in mind, we have studied Downtown Brooklyn possibilities vis-a-vis labor supply and will report on it in a separate section.

Although we have frequently referred to stock brokerage firms in the foregoing, we believe the same basic conclusions would apply to banks, insurance companies or indeed any large companies who will surely maintain headquarters in Lower Manhattan but whose back office operations might be located elsewhere.

In our opinion, there will be some spillover from Lower Manhattan to Downtown Brooklyn as the Manhattan market continues to tighten. The Atlas-McGrath interests are counting on this for tenants in the building they plan at Livingston Street and Boerum Place. We believe, however, that these crossover tenants will for some time be solely interested in the Borough Hall area. For the Flatbush Avenue district to enter the competition for these companies a well grounded specific plan must be advanced with at least some major improvements (department stores and office buildings) holding sufficient commitments to ensure their certain completion. In short, a new image must first be created for this area before large numbers of Manhattan firms will consider relocation within its boundaries.

LABOR

In 1965, the population of Brooklyn was 2,635,000 and by 1967 it had increased to 2,655,700. The Port of New York Authority has estimated a population of 2,665,000 in 1975, 2,675,000 in 1980 and a Borough population of 2,689,000 in 1985 - an increase of 2% in the two decades. According to the same source, Brooklyn provided 704,800 jobs in 1965 and it is estimated that the Borough will provide 743,300 in 1975, 752,400 in 1980 and 759,400 in 1985 - an increase of 54,600 jobs or 7.7% in the twenty year period. Brooklyn, therefore, accounts for approximately 17% of total employment in New York City and it is expected that the Borough's share will change little in the foreseeable future.

The following table will serve to illustrate the division of employment in Brooklyn in 1965, 1975 and 1985:

<u>Category</u>	<u>1965</u>	<u>1975</u>	<u>1985</u>	<u>Change 1965-1985</u>	
				<u>Number</u>	<u>Per Cent</u>
Manufacturing	221,300	226,300	216,300	(5,000)	(2.3)
Agriculture & Mining	3,000	3,000	3,000	0	0
Construction	30,000	30,500	32,500	2,500	8.3
Transportation, Communications & Public Utilities	40,800	36,300	34,400	(6,400)	(15.7)
Wholesale	30,800	30,800	31,800	1,000	3.2
Retail	115,300	117,800	115,300	0	0
Finance, Insurance & Real Estate	35,600	40,600	46,100	10,500	29.5
Service	118,900	135,900	147,900	29,000	24.4
Government	111,800	124,800	134,800	23,000	20.6

Source: The Port of New York Authority Report - The Next Twenty Years, 1966.

Two of the listed categories, Manufacturing and Transportation, show a decline. This is offset by the growth in Finance, Insurance, and Real Estate, as well as Service and Government, each of which are expected to increase more than 20% during the two decades. Sixty thousand new jobs will be created in these industries resulting in a total net increase for all categories in excess of 50,000.

Improved highway facilities will be of great importance for the future of Brooklyn's Manufacturing and Wholesale trades. Further, gains in the Service Sector will stem mainly from growth in private educational services. Similarly, the increase of Government jobs will result from the growing extent of Government's activities, primarily in education and social services.

There are three significant aspects underlying the economy of the Borough:

1. Of the 670,000 persons employed in Brooklyn in 1965, 550,000 were Brooklyn residents.
2. Of the approximately 1,000,000 Brooklyn residents employed, 450,000 or 45% worked outside of the Borough with 350,000 commuting to Manhattan. These commuters have significantly different occupational attributes than those who live and work in Brooklyn. The residents commuting out of the Borough held more white collar jobs, and one-third of this total or 150,000 represents clerical employees. What is significant here is the fact that these commuters have a mean income 15% greater than that of the non-commuters.
3. Regarding education, Brooklyn residents, both male and female, have not attained as high an educational level as that of residents of the City as a whole. This is evidenced by the fact that 43% of the Borough's residents have graduated high school or college compared to 48% for the City. Similarly, the median number of school years completed by Brooklyn residents is 9.5 while for the City it stands at 10.1. Therefore, the resident labor force in Brooklyn with employable and trainable skills in technical or white collar positions represents a lower percentage than for the City. This becomes critical during a period such as the present when job growth is in those fields which require high educational and technical skills. We expect this trend to continue.

Although the following discussion relates to the City as a whole, its relevance to Brooklyn is substantial. Between 1964-1967, there was a net increase of 110,000 new jobs for the City, 80% of which covered the white collar type, while 43.7% of all job vacancies occurred in this category. Local governments have provided the bulk of new jobs during this period - 53,000 - followed closely by business services and medical and health services creating 25,000 and 18,000 jobs respectively, thus accounting for 96,000 of the 110,000 new positions.

The unemployment rate for New York City in 1967 was 4.1% - only Washington, D.C., among the ten largest cities in the nation, registered a lower rate. Further, of the fourteen major poverty areas studied by the United States Department of Labor in 1967, Bedford-Stuyvesant registered the lowest unemployment rate - 6.2% or 29,000, lower than Harlem's 8.1% and East Harlem's 9%. However, 72% of its residents had completed less than twelve years of school.

We interviewed the manager of the New York State Department of Labor - Employment Division at 175 Remsen Street. He stated that there is currently an extreme shortage of available skilled office personnel in Brooklyn but an abundance of persons capable of being trained for these positions. For a major employer to get needed personnel in Brooklyn, it is necessary to establish training programs for the specific skills required.

The largest available labor supply comes from the high school dropout - non-qualified personnel often referred to as the hard core unemployed.

A representative of the New York City Board of Education with whom we held discussions, believed that Brooklyn has an ample supply of potential clerical and other office personnel. However, when visited, the Board of Education offices at 110 Livingston Street had job openings in ninety clerical positions.

Below is a breakdown of employees by category in the Downtown Brooklyn area, including Brooklyn Heights, Fort Greene, South Brooklyn and Park Slope:

Construction	12,381
Utilities	5,339
Finance and Insurance	3,382
Services	23,597
Self-Employed	1,767
Office Jobs.- Private Sector	35,363
Government	27,859
Manufacturing	44,586
Wholesale	8,636
Miscellaneous	<u>226</u>

Total 163,136

Source: Regional Plan Association

As can readily be seen, over one-half of these jobs are in the Private Office Sector, Services and Government. With Services and Government employment in Brooklyn expected to increase by 24.4% and 20.6% respectively by 1985, the need for additional qualified office personnel will grow.

Major employers in Downtown Brooklyn include:

Abraham & Straus	4,500	Employees
N.Y. Telephone Company	4,000	"
Brooklyn Union Gas Co.	1,000	"
Transit Authority	3,700	"
Board of Education	2,000	"
Barton's	750	"

It is clear that in order to meet current and projected needs, Brooklyn must reverse the current trend which finds its most employable workers commuting - principally to Manhattan. Further, massive training programs to upgrade the skills of its numerous but poorly qualified labor force are a critical necessity. If the area is to grow at an accelerated rate, a qualified labor force must be available.

Flatbush Avenue Redevelopment Possibilities

Flatbush Avenue from DeKalb Avenue to the Atlantic Terminal (See Map - Study Area) is, as discussed in an earlier section, in distressed condition, but represents the key to a linkup between the Fulton Street shopping district and the Atlantic Terminal Redevelopment Area. If redevelopment could be accomplished along this stretch, there would be, in our opinion, a revitalization of the entire Study Area extending to include the Atlantic Terminal Project Area.

We believe that, if left to develop on its own, there is no hope of any major improvement for this area in the foreseeable future. This district needs a lift on a scale sufficient to ameliorate its current image of decay and abandonment. We believe that the seeds for the necessary redevelopment may be present and that a serious attempt should now be made to encourage reconstruction.

We held discussions with Mr. Stephen Klein, President of the Barton's Candy Company, the largest employer in this district. Barton's owns and, with the New York Telephone Company, occupies an office and factory building of recent construction (See Photograph - Addenda) on the block bounded by Fulton Street, DeKalb Avenue, Hudson Avenue and Rockwell Place. The block to the west of the Barton's facility, bounded by Flatbush, DeKalb and Hudson Avenues and Fulton Street, is now utilized as a parking lot but is owned by Barton's as is part of the block east of the existing facility. Furthermore, Mr. Klein has recently purchased the Fox Theatre office building on the block bounded by Livingston and Nevins Streets and Flatbush Avenue.

Barton's currently employs 750 persons and leases three floors to the New York Telephone Company who employs another 500 at this location. Furthermore, we understand that the Telephone Company is negotiating with Mr. Klein for an additional 35,000 square feet to be created for their own use.

Mr. Klein has advanced imaginative plans for large scale redevelopment of the area around his current holdings. In brief, he has proposed that Barton's act as sponsor for an Un-assisted Urban Renewal Project to include from one to three major department stores, one or two tower office buildings, an industrial park and an airline bus terminal.

Mr. Klein has held discussions with Alexanders, Sears and S. Klein department stores. We have ascertained that Alexanders has shown some genuine interest in this area although no advanced negotiations have been held. The Sears and Kleins interest seemssomewhat less tangible. Mr. Klein stated that he is speaking with Alexanders on the basis of a 300,000 square foot store. No precise plot for a department store has been set but the thinking is to locate it in the vicinity of the Flatbush-Fulton intersection thereby linking with and extending the Fulton Street shopping district. Future department stores would presumably be adjacent to the first unit.

Mr. Klein's plans for office buildings are even less definite. He stated that discussions have been held with an insurance company that has expressed interest in some 150,000 square feet in the Barton's area. Further, he believes that if a proper building with large open floors were provided, the Telephone Company could be induced to lease substantial space - far in excess of that now under negotiation.

Barton's intends to expand its existing factory facilities and Mr. Klein believes he will eventually employ an additional 400 to 1,000 persons at this location. His initial thinking was to expand onto the block owned by him west of the existing building (block bounded by Fulton Street and Flatbush, DeKalb and Hudson Avenues). He recognizes that from a planning point of view, this would not be a desirable development and has, therefore, requested of the City Planning Commission that Rockwell Place be closed as part of an Unassisted Urban Renewal Area (See Map - Barton's Plan) so that Barton's can acquire more land on the block east of its existing facility and expand in that direction. Mr. Klein proposes that this block be used for additional light industrial facilities, perhaps to a total (including Barton's) of 600,000 to 700,000 square feet. Brooklyn Hospital, which has assembled a good portion of the two blocks bounded by Ashland Place, DeKalb Avenue, Fulton Street and Ft. Greene Place was mentioned as a possible user of space in this area. Mr. Klein also brought up the possibility of a bus terminal for airport service to Kennedy and LaGuardia.

The Barton's Plan also calls for the widening of Ashland Place from Fulton Street to DeKalb Avenue to create a uniform width throughout the area.

Spurred, at least in part, by Mr. Klein's request for designation of an Unassisted Urban Renewal Area, the New York City Department of City Planning has embarked on a Brooklyn Center Study which includes not only the Barton Area but surrounding areas as well. (See Map - Brooklyn Center Study - Proposed Land Use.) A comparison of the two plans indicates that while they are by no means identical, they are not in serious conflict and reconciliation of the two should be feasible.

We have been informed by representatives of the Planning Commission that the land uses shown on their plan are suggested and not intended to be binding at this time. This Plan provides areas for middle and low rent housing and a park in addition to those uses proposed by Barton's. Second level pedestrian ways and street overpasses are also suggested. This Study is consistent with Barton's in that it provides for closing of Rockwell Place from Lafayette Avenue to DeKalb Avenue and a widening of Ashland Place from Fulton Street to DeKalb Avenue. It should be noted that Hudson Avenue is owned by Barton's and can be closed to accommodate any development.

The key to successful development of this area is, of course, to attract major users of office and retail space. This will not be easily accomplished but some possibilities have already been explored by Mr. Klein. In the short run, the largest problem may be one of procedure - how to advance the promising start that has already been made. We have been told by the Planning Commission and Alexanders that it is difficult to evoke specifics from Mr. Klein and thereby move to hard planning and actual negotiations which is an understandable position for a potential sponsor to assume at this stage. It is essential that Mr. Klein's Plan be tested so that another sponsor or sponsors can be sought, if necessary. We feel, however, that Mr. Klein appears quite serious as evidenced by his recent purchase of the Fox Theatre Building and that all efforts should be made to proceed with him as sole or partial sponsor of the entire area. We see no pressing need from a real estate point of view, to obtain a second sponsor provided you are satisfied that Mr. Klein is actually prepared financially, by know-how and intent, to develop the entire area.

We recommend that any plan be left, if possible, in flexible form so that as negotiations commence with office and retail tenants and users, custom plots can be provided for their use. The irregular shape of many of the blocks in the area will

make necessary the closing of some non-essential streets to create super-blocks but the exact street closings and plot configurations can best be determined as negotiations proceed with prospects. We assume that zoning changes will be available to aid any desirable development that is proposed.

We will comment in detail on the prospect of attracting major space users to this area in a separate section but believe that every effort should now be made to encourage Mr. Klein to commence actual negotiations with Alexanders (and Sears and Kleins, if their interest is genuine), the Telephone Company and the insurance company referred to by Mr. Klein.

We recommend that you encourage all feasible steps for formally designating this an Unassisted Urban Renewal Area and selecting or obtaining sponsors should be undertaken at once. An attractive promotional brochure should be prepared as a rental aid and should be given a wide distribution.

The portion of the area in the vicinity of the Barton's facility is the most logical section for early development and depends least on the implementation of the Atlantic Terminal plans. We therefore recommend that attention be focused at first in the area bounded by Lafayette Avenue, DeKalb Avenue, Ashland Place and blocks or super-blocks fronting on Flatbush Avenue from Lafayette to DeKalb.

SHLAND

DE KALB AVE.

ST. FELIX ST.

ROCKWELL PL.

HUDSON AVE.

FULTON STR.

FLATBUSH AVE.

HANOVER PL.

LIVINGSTON STR.

PLACE

LA FAYETTE AVE.

NEVINS STR.

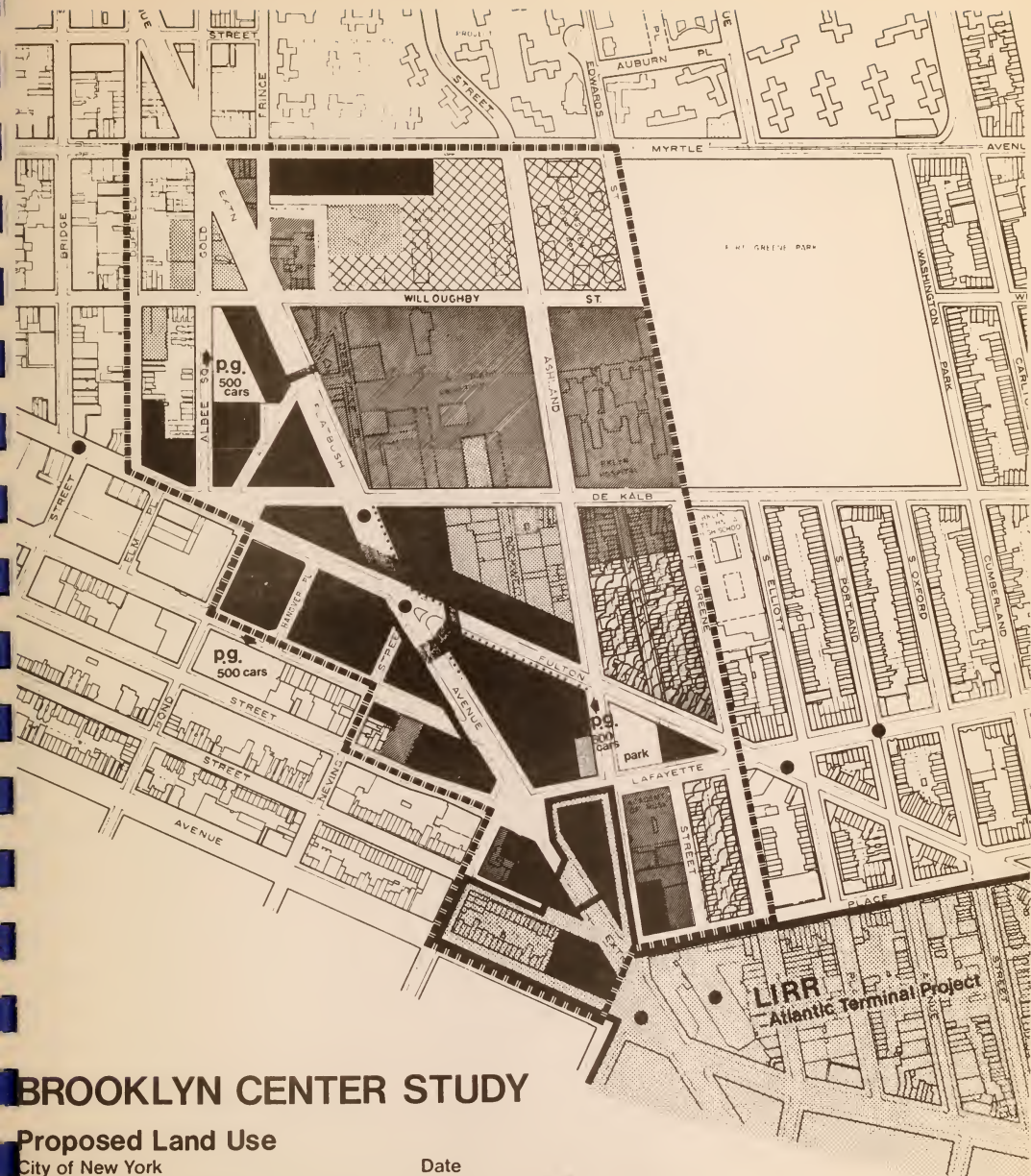
3RD AVE.

-  Sponsor Owned
-  REDEVELOPMENT Phase 1
-  Street Widening
-  REDEVELOPMENT Phase 2



BARTON'S PLAN

GOLDSTONE & GOLDSTONE
ARCHITECTS
180 JARVIS STREET BAYTON, N.Y.



A D D E N D A

Photographs

Barton's Plant

Atlantic Terminal

Williamsburgh Savings Bank

Flatbush Avenue - View North

A & S on Fulton Street - View West

Mays on Fulton Street - View West

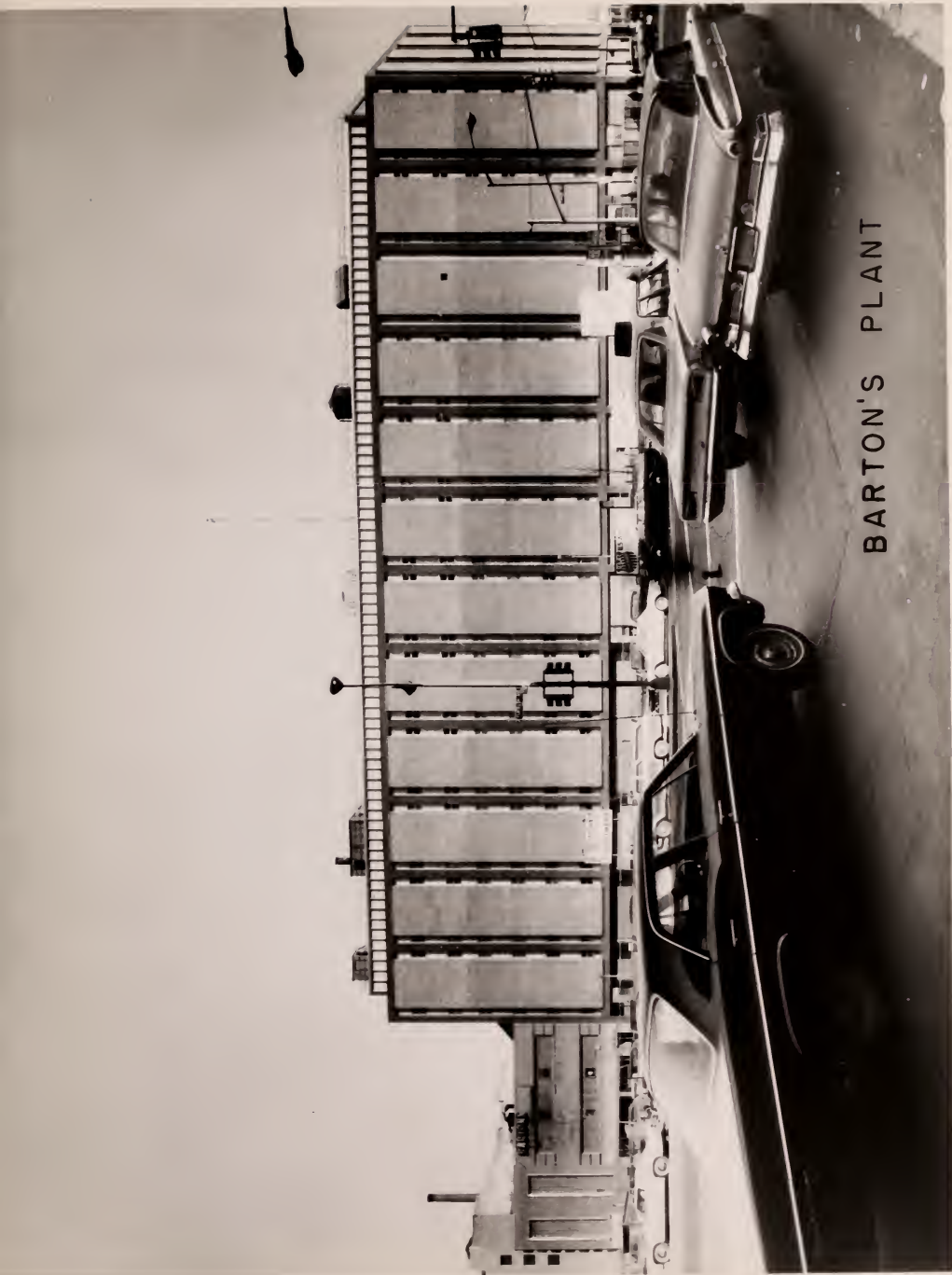
Albee Square

Adams Street - View North

Brooklyn Union Gas Company Building

Clinton Street - View North

BARTON'S PLANT



ATLANTIC TERMINAL





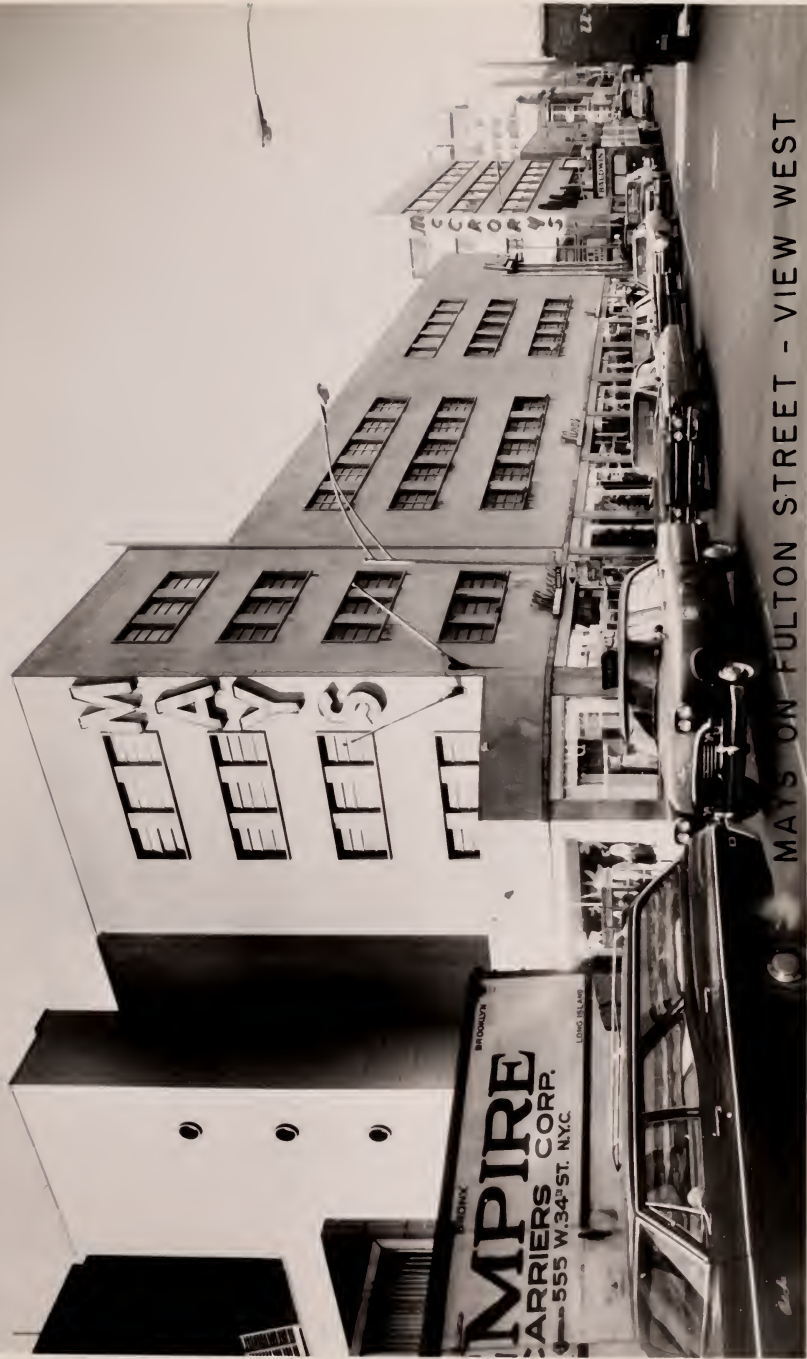
WILLIAMSBURGH
SAVINGS BANK

FLATBUSH AVENUE - VIEW NORTH





A & S ON FULTON STREET - VIEW WEST



MAYS ON FULTON STREET - VIEW WEST



ALBEE SQUARE



ADAMS STREET - VIEW NORTH



BROOKLYN UNION GAS COMPANY BUILDING



CLINTON STREET - VIEW NORTH

